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The ANTIOCH REVIEW

Volume Five · · Fall 1945 · · Number Three

. . . Featuring . . .

RECONVERSION

Donald Montgomery Walter P. Reuther
Emile Benoit-Smullyan Jane Greverus
and John Perry

THE UNO AND WORLD SECURITY
—Jay Franklin

MORE SCIENTIFIC MEDIATION!
—Horace S. Fries

EDUCATION TOWARD VOCATION
—Sidney Hook

Other articles by Norma Bixler, T. Swann Harding, Charles A. Madison, Alexander Morrow, Sholom J. Kahn.

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SOMETIMES a book does an uncanny job of anticipating history. Donald Kingsley finished writing his *Representative Bureaucracy* in February, 1944 with a final chapter called "Preview of the Planning State." Its concluding section says, "This war . . . marks the end of a long period of economic anarchy and, over most of Europe, the eclipse of the bourgeoisie as a ruling class. Conversely, it marks the emergence of new conceptions of State activity and a determined bid by the working classes for a share in power. . . . Even in England . . . few persons expect a return even to the limited freedom of enterprise existing before the war—or to the limitless unemployment which accompanied it. . . . If the working classes [in Britain] should emerge from the war as the dominant force in the State, the present Civil Service will be reformed from top to bottom. For bureaucracies, to be democratic, must be representative of the groups they serve."

The Labor Party victory has not only confirmed Kingsley's prophecies but has moved the core of *Representative Bureaucracy* from the area of analysis-plus-theory into the foreground of immediate tactics in the British scene. And it has notably sharpened its relevance for this country.

Representative Bureaucracy

AN INTERPRETATION OF THE
BRITISH CIVIL SERVICE

J. DONALD KINGSLEY

$3.50 postpaid from **The Antioch Press**
YELLOW SPRINGS, OHIO

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The ANTIOCH REVIEW

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The ANTIOCH REVIEW

"Why should there not be a patient confidence in the ultimate justice of the people? Is there any better or equal hope in the world?"

—ABRAHAM LINCOLN

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Volume Five ∴ Fall 1945 ∴ Number 3

EDITORIAL

PRESIDENT TRUMAN'S POSTWAR PROGRAM, delivered as a message to Congress on September 6, appears today, a month later, to have packed all the dramatic punch of a dull thud. The fault is not in the words. The speech was one of the most comprehensive on record. Of its twenty-one major divisions, only two or three could be accounted of minor importance. Six divisions dealt directly with employment on a national scale, and sixteen called for specific legislation. It was all there—from full employment, through housing, scientific research, and small business, to care for our new veterans. And the whole was done up in the most flattering terms for Congress itself. Perhaps paradoxically, the President's difficulties started right there. For flattery and good temper do not by themselves constitute a sound strategy; they can only be a part of such strategy.

The Republicans and their Southern Democratic cohorts dismissed the program as more New Dealism. New Dealism it was; indeed, that was its chief general virtue, but it was hardly to be foreseen that the "unholy alliance" could substitute their dismissal of the program for the program itself. To date, the renewed investigation of an anachronistic Pearl Harbor has received more attention than full employment, and on the first major test of its program, unemployment compensation, the administration has been unmercifully beaten.

Congressional leaders bear some of the blame for this state of affairs, but the administration bears more. The President seems to have presented his program not so much in his proper role as Chief Executive as in his previous one as legislator. He has not taken proposed legislation firmly in hand, and it has unfortunately got about that he is willing to compromise, sometimes on major items. The result has not been an early passage of legislation but a growing Congressional demoralization. In the Senate

committee considering unemployment insurance, for example, White House approval was mistakenly conferred on a weak compromise proposal which neither Truman nor any other major official in the administration had O.K.'d. By inadvertence or bad management or both, the committee, previously divided, seized its opportunity to recommend a measure pleasing no one but the reactionary opposition.

If the present program is to be put into action, the President must stand up to the opposition and support his congressional leaders more vigorously. And if this method is not sufficiently successful, he must carry his program to the country at large. To date reactionary pressure groups in Washington have been calling the tune. The President will find increasing response to his program if he peers over the barriers on Capitol Hill.

That program is a good one. It cannot be fully itemized here. But on the basic subject of employment and other economic conditions which intimately and immediately affect the great mass of the people, we set down the following:

Unemployment compensation of $25 a week for 26 weeks.
A 65¢-per-hour minimum wage under the Fair Labor Standards Act.
Maintenance of price control and other supplementary controls.
Passage of the Full Employment Bill.
A permanent FEPC.
Extension of the United States Employment Service.
A national housing program.
Allowance of wage increases to compensate for loss, during reconversion, of overtime pay.

These are worthy of the vigorous support of all progressives. We should not have to wait for them until unemployment doubles or trebles and the demand for them becomes hysterical. If the President does not carry these issues to the country, the people must carry them to the President. For, together, they form the keystone of the arch of orderly reconversion. Without them, the solution to other problems of the reconversion period—such as the reabsorption of veterans, a free and powerful domestic economy, and our struggling new foreign policy—will be impossible.

RECONVERSION TO WHAT?

By DONALD MONTGOMERY

ANY FOOL can look wise by keeping his mouth shut," our Irish teacher of English used to tell us.

"Why don't you try it, John?" his friends would ask. But John Dennis Mahoney never did. He loved talking more than the appearance of wisdom.

By similar means any fool can avoid predicting whether it's inflation or deflation we're in for, and which, when, and how much of each. But that's not the way of a fool.

So, taking folly in hand, I would say that we are about to witness a struggle between inflation and deflation. Both will be working at once, although on the surface we may notice only the net difference of their contrary pressures. This complicates prediction, even for a fool!

And while the in- and the de- phases of 'flation are fighting it out, another pair of forces will be at work. These are the shifting roles played by public government and private government; or in usual language—government and industry; or in slang language—bureaucracy and free enterprise. The variable influences of public spending, for example, and of controls by private industry—both economic and political—will merge with inflationary and deflationary factors into as pretty a picture of multiple correlation as ever a statistician belabored with regression curves and residuals therefrom.

Of all the varieties of possibility that emerge, there is only one that to a layman will appear certain. A government with a 300 billion dollar debt will not suffer prolonged deflation if it can avoid it. It makes the debt cost too much in relation to the fiscal resources of the economy. On the inflation side, unfortunately, there is no such certainty. Government is tempted to inflate, and citizens will accept phony coin in payment of their debt if they become stimulated by the illusions of inflation. Inebriation is by nature incautious, as any good drinker knows.

Apart from this limited protection against deflation there is little agreement among experts as to what is in store for us. Even when the

extreme pessimists and extreme optimists are ruled out there remains a fairly wide range of prediction as to how far rising peacetime expenditures will offset the sharp drop in government war spending, and how much unemployment will remain with us two years from now. All of them, of course, make no allowance for such emergency measures as Congress may authorize to stimulate public spending and to increase employment.

But upon looking more closely at these estimates—perhaps I should say less closely—I discover a certain agreement among them that turns out to be more significant than their differences. One: They all expect the rate of expenditure for peacetime products to be maintained at a higher level than in 1940, and to increase rather steadily over the period of their predictions—two years. Two: They all expect a substantial degree of unemployment to continue for these two years, differing only as to whether two years from now it will be in the neighborhood of 5 million or 10 million.

"Unemployment will remain at a figure of 6 or 7 million until the depression begins," is the way one of the predictors put it, according to report. It is treated as something of a gag by labor commentators who find it hard to accept 6 or 7 million as a *pre*-depression figure.

Yet that is literally what the experts predict—a rising rate of expenditure, at considerably higher levels than in prewar years, and substantial unemployment persisting right along with it. They predict (without saying so, of course) a considerable foundation of contentment and political indifference among the public as a whole along with a profound source of discontent for a large number of workers.

Before this common aspect of the experts' forecasts became clear, I had found it hard to understand the apparent political tendencies of the new administration. I could not reconcile the hard-boiled policies of Truman's reconverters, especially Snyder and Krug, with what had seemed to me the alarming prospects of political upheaval between now and the 1946 elections. I had not reckoned with the possibility that distress among many workers might be neutralized, politically speaking, by a feeling of fairly satisfactory prosperity in the population as a whole. Chronic underemployment within a national atmosphere of complacency is something the practical politician can live with, or thinks he can. And he may be right. It's happened before.

As to the ultimate outcome, should these interim predictions prove correct, I have no doubt for my part; I don't believe the predictors have either. Eventually the economy will undercut its seeming prosperity and topple into depression, a full-scale, high-powered depression with all the fixings. If this does not follow "naturally" from the persistent unemployment of the interim period, there are, it seems to me, developments in sight that will make sure of it.

First among these is price inflation. I have several reasons for feeling sure that rising prices will break control barriers within the next year or so, will reach dangerous proportions and will accentuate the depression that is to follow.

The professional analysts, as I have said, agree that private expenditures will be fairly high, relative to 1940, and will be rising. They disagree only as to how much. This provides a spending stimulus for rising prices, unless output of peacetime goods and services swells so far and so rapidly as to hold prices in check. I see nothing whatever in present policy or in private intentions to indicate that the prewar peacetime policy of restricting industrial output to a level of *profitable* demand has been, or will be, abandoned. Neither Congress nor big business appears impressed by the demonstration the war provided of our actual productive capacity, or what it might mean to the nation if carried over into peacetime.

Furthermore we must reckon with the enormously multiplied urgency of demand that will be felt when industry is tooled up and ready to go into production. That demand will express itself not merely for a given quantity of goods, but for delivery now, at once, before delivery is made to competing buyers. At the factory level and in retail stores this incalculable multiplication of demand by time urgency is something our control program is not in any way geared to cope with—as a matter of fact it is deliberately left out of account. Krug has seen to that by removing controls. He is re-enforced in his policy by Snyder at the White House, and OPA tags along willy-nilly.

OPA adds fuel to this speculative prospect by removing price controls on a wide list of products, by providing various self-regulating devices that amount to de-control, and by serving up these de-control measures to Congress and to business as burnt offerings to expiate for the sin of continuing price control in any form. This attitude and this policy are creating an area of uncontrolled prices which, like the rot in an apple,

will rapidly spread to the rest of the field when the urge of speculative buying begins to generate heat.

Added to these personal observations I offer the predictions of others. Exhibit 1 is a newspaper headline, issue of September 6, on an AP story from New York: "Truman Inspires Brisk Stock Rise." While columnists found New Deal echoes in the Truman message to Congress, Wall Street found nothing to dampen the profit prospects of the early future.

Exhibit 2 is the average price of 50 industrials on the stock exchange. It jumped from 141.9 a month ago to 154.5 in the week of September 15, as compared with 123.6 a year ago, according to *Business Week*, which comments: "Wall Street is taking a highly optimistic view of reconversion, the way investors are going for heavy-industry stocks. . . . All this is mirrored in buying which has pushed the common stock of U.S. Steel to the best price since early in 1940."

Exhibit 3 is from *Business Week* of September 1. It predicts corporate profits in 1946 at from 8 to 10 billions of dollars, after federal income taxes. This compares with a 1936-39 average of 3.3 billions, and with about 4.7 billions in the then prosperous year of 1940. *Business Week* bases its forecast on "the belief that corporations will have slightly more to sell in 1946 than in 1941. Dollar returns will be well above 1941 due to increased prices." The gross national product *Business Week* arrives at for 1946 is in line with the estimates of the government experts.

No, an "avalanche" of consumer goods and services, which Mr. Bowles, like the NAM, looks to as a substitute for price control at an early date, will not be heavy enough, or soon enough, or cold enough, in the opinion of this writer, to quench the fire of the speculative price rise in 1946.

Only in agriculture does supply appear likely to exceed demand. Here the more likely outcome is falling prices, with the government exerting strenuous efforts to make good the Congressional guarantee of price floors for major products. In the process it may become the owner of vast quantities of foodstuffs, for agriculture has stepped up its permanent productive capacity during the war in a degree that almost rivals the performance of heavy industry. And with agriculture, productive capacity is productive achievement. AAA proved that farmers won't throttle production, not even when paid to do so.

So we shall see new ventures to step up food consumption, praise God! Agriculture will not, I feel confident, again attempt to save itself from the restrictive policy of industrial monopoly by attempting to imitate it. It will turn first to stimulation of relief shipments abroad, then to a modernized stamp plan like that of Senator George Aiken, to export subsidies, and perhaps even to a widespread program of two-price segregation of its markets. Some of these will help a little, some will fail, and in the end agriculture will have no recourse but to turn its tremendous political power in the direction of compelling full production and employment and payrolls in the industrial and commercial sectors of the economy. So much the better—but we cannot look for this promise of salvation by abundance in time to prevent the depression which the present government-business coalition prepares for us. It may, however, become the mainspring of New Deal II along about 1949 or 1950.

These seem to me the likely developments from here on until calamity again compels consideration of national issues on a national scale. I base them on the assumption that the "back to normalcy" drive now under way at Washington, without benefit of the 1920 slogan but equally vigorous, will carry us into and over the hump of inflation and well into depression before its momentum fades.

The assumption may prove quite unfounded. I may mistake the energy of the present scuttle-and-run activity for longevity, seeing it too close. True, the size of the national debt should compel some national effort to ward off deflation. The labor movement may succeed in directing the attention of people to the need for national action on national issues. Walter Reuther may persuade enough people, even in Congress, that idle men alongside idle government plants don't make sense in a nation whose government is accountable to the people. Or the Republicans may carry Congress in 1946, forcing the Democrats to adopt "reform" measures for 1948.

In such case, the Full Employment Bill may be passed, and public works may get planned and, before too late, initiated. What will happen then depends, of course, on the size and timing of the steps taken.

Organized labor faces gigantic problems while all this is going on. Politically it will be weak. It will be isolated by the prevailing prosperity, which, though moderate and quite unrepresentative of our true productive possibilities, will serve to leave a large block of voters disinterested in

the inability of five to ten million wage earners to find jobs.

If an exhibit be required in support, look only to the political treatment accorded to the President's proposal of $25 for 26 weeks unemployment compensation. Look to the treatment given it by the President himself. A leftover from the decrepit Board of Commissioners that governs the District of Columbia was assigned the task of persuading a belligerent committee to support the President. The committee simply paid him no mind. The proposal is rapidly being whittled down into a useless legislative gesture obviously designed to express contempt for labor rather than concern.

So, while corporations receive reconversion guarantees through the tax laws adding up to some fifteen years of what was normal net income before the war, workers are not to be assured of even the subnormal income of $25 for one half year. I have computed that if the Congress were providing for the average wage earner, relative to his prewar income, as it has provided for the average corporation, he would have $7,200 in his sock right now, would soon get a $1,200 check from the Treasury, and would be authorized to reclaim up to $9,600 from the Treasury in the event of losses. Against this total of $18,000, Congress refuses to assure him $650.

The fate of labor during transition is to live alone and like it, politically speaking, while in its collective bargaining with employers it will have the shadow of five to ten million unemployed waiting outside the gates.

But against this fate, labor during this period has an opportunity like none it has ever faced before. Let me hasten to say I am not about to repeat the gratuitous admonitions handed to labor with almost one voice on Labor Day by commentators, public figures, editorials and the Secretary of Labor. Without denying labor's sins, or pointing to those of others, I am less concerned about labor not keeping up in this matter of social responsibility than with its opportunity to step out ahead and to define the responsibility of all groups to the national welfare. Labor already is fully the equal of any of our economic groupings in the time, money, and attention it devotes to public welfare. It is far ahead of most of them. The record on this is prolific, Stuart Chase and other well-wishers to the contrary notwithstanding.

But keeping up is not enough if there is a clear road for moving out ahead. And that there is. Already that road is being taken, in the demands

from organized labor that wage rates be substantially increased, accompanied with demands that prices of the products be not increased.

Raising wages without raising prices is the one dynamic program now being proposed whereby private industry can provide full employment, full production, and a top standard of living. Industry is being turned loose from government stabilization controls with its prices generally so far above basic wage rates as to encourage early return to the high-profit, low-employment conditions that were characteristic of prewar years. The base from which we take off as we move into the postwar period will force us in that direction unless, soon, prices are lowered while wage rates remain fixed, or wage rates are raised while prices are held. Neither is readily accomplished. But as against the possible retarding effects of strife incident to the winning of higher wages, the prospect for general reduction of prices is even less bright. Falling prices frighten businessmen even more than labor's wage demands. Some will not permit their prices to fall, others will shut up shop if they do. Moreover the government, as previously noted, cannot afford to allow prices to fall appreciably.

William H. Davis, Stabilization Director at the time, badly shocked the *New York Times* and its industrial colleagues by telling a press conference that wage rates could and should be raised within the present framework of prices. He judged they could be raised 40 to 50 per cent in the next five years. He showed why this was necessary to provide a market for the products of full employment. He observed that to do this would be in keeping with our tradition of raising wage rates with relation to prices, which in the past has made possible the increasing standard of living we have experienced.

The WPB at about the same time came out with a report on war production confirming the Davis thesis. It showed how manufacturing wages had risen faster than prices of manufactured goods throughout the war, while profits soared more than either and reached unprecedented levels. The secret lay largely in the increasing productivity of industry due to the high level at which it was operating. One-third of the output increase, said WPB, was attributable to greater output per worker.

Labor's case for raising wages without raising prices can be made more specific. It is about to lose much of the premium pay it received as a result of wartime conditions of employment. Take-home pay is falling

as normal hours and conditions are resumed. This drop can be disastrous not only to labor but to the employer also when his goods are ready for market and he is looking for customers. So labor's first claim for increased wage rates is based on the necessity of maintaining workers' purchasing power under the new conditions.

Labor can show also, and the War Labor Board will agree, that basic wage rates have not kept pace with prices during the war. It was government policy to see that they did not, and that policy was carried out. Therefore wage rates must now be increased without raising prices simply to restore the wage-price relationships that obtained before the war.

It is obvious, however, that this prewar relationship was unsatisfactory. It was derived from a production level that was far below the nation's capacity, and it was not giving signs of stimulating any higher level when war came along to make the government a giant spender. Those prewar wage rates were too low, relative to prewar prices, to provide purchasing power for a full-steam economy. So labor can now demand not merely that the prewar ratio of wages to prices be restored, but a much higher relationship that will be in line with full production.

Increasing labor productivity adds a further claim. Davis pointed out to the reporters that even after the 40 or 50 per cent wage rise is accomplished, further gains of wages over prices must take place as productivity increases year by year. This factor supports an immediate claim for raising wages without raising prices. For it is as good as certain that the retooling of mechanized industries that has been taking place (at public expense), and the development of new industrial materials and methods, will be reflected in a very sharp gain in productivity very soon, if industry is persuaded to put its new techniques to use. Higher wage rates will provide the persuasion to use those techniques; the resulting output will provide the means of paying the higher wages.

Labor has launched its drive for higher wages. Many of the alarms of good citizens, as well as the calculated screams of industry spokesmen, are based upon a notion that wages and other costs are translated into prices by a process of addition or subtraction. This is, of course, a gross fallacy, but one that is well cultivated by the economic apologists for the industrial empire. Actually the process is multiplication and division, or is rather a resolution of interrelated variables in which it is miraculously

but regularly possible to pay higher rates for various input factors while actually reducing their cost.

Anyone can see that the price of a complicated automatic machine tool is higher than the price of a simple press or lathe, and yet the cost of the more expensive instrument per unit of output may be only a tiny fraction of the cost incurred by the simpler tools. The same may be, and indeed is, true of the price paid for labor. The cost of labor depends much less upon the price paid for it per hour than upon the volume of operations and other productive conditions in which it it used. For example, average hourly earnings in the steel industry increased 48 per cent from prewar to 1943, but this increased price of labor was translated into an 8 per cent reduction in labor cost per unit of product during the same period, due chiefly to the much higher rate of output.

Labor's demand for higher wages at stable prices is based upon the expectation that the economies of high volume production will be available to industry. That is a sound basis. Labor is not cutting the cloth of its future to the shrunken stature of low-level output and high-level unemployment that was accepted as more or less good enough before the war. It refuses to shut the door on the war experience, or to overlook the proofs the war gave us of our true productive potential.

Nor can labor afford to delay its demand for a wage-price balance that will support full production until that level has been achieved through the public-spirited efforts of employers. It knows how little love modern industrial managers have for either full capacity production of their plants or full employment of the labor force. It remembers how difficult it was to get them to put their industries to work full speed for the winning of the war, and the price they exacted from the government before they would consider it.

Recently WPB revealed ample grounds for labor's fears on this score. That agency asked some sixty-five manufacturing industries to submit dollar estimates of (1) their current output per quarter; (2) the minimum satisfactory or "break-even" rate of output per quarter after the war; and (3) the "all out" or capacity rate of output after the war.

The responses, when added up and published by WPB, revealed that on the whole these industries expect to be able after the war to "break even" while operating at 52 per cent of capacity. This break-even rate,

incidentally, added up to only 37 per cent of the war rate (in dollars) at which they were then operating.

What this signifies for labor is that management expects to have post-war prices so high, or wages so low, or both, that it will make a satisfactory profit per unit while operating at a very low level of output. This also means well below full employment. That is to say, the rate of profit per unit of output will be such as to permit capital to eat, while labor, or a good share of it, goes hungry. Labor's demand for an immediate and substantial increase in wage rates that is not cancelled by an increase in prices is, in effect, a demand that the production level be raised to where all can eat, where all consumers can buy goods at low prices, and where capital can maintain a high nutritive level also, but will have to undergo the hardship of swallowing a large number of small unit profits rather than gulping down a smaller number of big mouthfuls.

So, in one sense, it may be said that labor is fighting for higher wages to be paid out of profits. In another sense this is not the case. It is fighting for a higher utilization of all our productive resources so that high wages and good profits may both be distributed. However, it has no illusions that either management or its bankers will eagerly accept that proposition. There will be strikes, probably. There will be a torrent of newspaper and radio vituperation misrepresenting the goal of labor. Farmers and white collar workers will be told that labor is trying to take bread out of their mouths. The usual falsehood will be reiterated that adds and subtracts distributive shares of the national product and concludes that what labor wins, consumers pay or stockholders lose. The fact that the manner in which the shares are distributed determines the size of the product to be distributed will be scrupulously ignored in the papers and kept off the air.

What with the extension of wartime profit levels into peacetime almost within their grasp, it is not likely that industrial leaders will take peaceably the challenge that came out of Detroit in August and rapidly found echo in other industries. Yet that challenge, prophetic as it is in coupling a demand for higher wages with a demand for stable prices, provides our one hope that we shall soon get a glimpse of the bright future we all mouthed so readily a year ago.

If labor fails to make good its challenge we are left, as I guess it, with a near-term speculative upsurge, followed in two or three years by a

second national training course in the follies of so-called "free enterprise." Out of that, painfully, will come New Deal II, but what its shape will be no fool, not even this one, would dare to predict.

A footnote on atomic power is, of course, inevitable! The foregoing forecasts were constructed on the premise that our major social impediment is the productive potential of the steam, electric, and gas-fired age. Small as that energy potential is, it is sufficient to create these hazards of social crack-up that are looming ahead of us. Our chief difficulty as we switch back from war to peace in 1945 is that we have not yet assimilated the invention of the steam engine in 1782.

If now before these dire prophecies come true, or happily prove false, the nuclear physicists deliver up to us a tame form of atomic energy with its million-fold increase in energy output, then, and in that event, as a lawyer would say, further deponent sayeth not.[1]

[1]Except to add in a whisper that while we look so fearfully upon the explosive power of the atom we probably overlook the destructive power of its application in civil proportions to such solid structures as the law of property, the dogmas of capitalism, communism or what have you, and the relationship of paid employment to one's personal assurances of social worth.

FULL EMPLOYMENT: ITS ECONOMIC AND LEGAL ASPECTS

By EMILE BENOIT-SMULLYAN

I. The Full Employment Objective

The economic norm of full employment appears likely to inherit in the twentieth century the honored position achieved by the division of labor in the eighteenth century, and by the optimum allocation of resources in the nineteenth century. Paid employment has become a condition of survival for a large part of our highly specialized labor force at the very time that unemployment has become more frequent, more severe, and more difficult to check. Such success as may be attained in combining productive factors in the right proportions and in maximizing the productivity of all utilized resources has proved a pyrrhic victory when a substantial part of our labor force has been chronically left unused. The extraordinary and unforeseen increase in national income attained under conditions of wartime full employment—even after allowance for price rises and certain other factors—has given us a new vision of what full employment might mean in time of peace.

The objective of full employment has derived added support from an increasing recognition of its contribution to welfare in the broader sense as well. A growing sensitivity to the basic needs of human personality has brought recognition of the importance of a *job*, not only to secure the worker an income, but also to enable him to retain his social status and self-respect. The last depression made clear beyond any doubt that long-continued unemployment weakens and often destroys important components of human personality.

In the twentieth century there is therefore being added to the list of the rights of man—those privileges essential to the preservation of human dignity—a new right, the right to work. This is not a legally enforceable right, and does not imply the right of specific individuals to have specific jobs or to do specific types of work. It is a general right to a fundamental opportunity: the opportunity to earn one's own living

if one so wishes. The recognition of this right implies an acceptance by the government of the responsibility to assure an environment in which such opportunity will always be available.

It is highly desirable that the full-employment objective be defined in a reasonably precise manner, so that it may be distinguished from other economic or political objectives, and so that those who advocate the assurance of full employment will not be interpreted as asking for something which is extreme or intangible or utopian.

Full employment does not, for example, require that everyone have a job, regardless of personal inclinations, or that people should work for longer hours than they desire. It is not identical with *total* or *maximum* employment. The advocates of full employment do not, as some critics have claimed, make work an end in itself, impugn the value of leisure, or forget that the enjoyment of goods and services constitutes the chief incentive for human toil. What they value is not necessarily work itself, but the *opportunity* to work, which they regard as an essential element in human welfare. But there is no incompatibility between the goal of full employment and the desire to reduce the necessary work of the world to the greatest possible extent consistent with the attainment of the material standard of living which our people desire to enjoy.

Nor should full employment be identified with what might be called "optimum employment": i.e., the provision of just the right number of hours of work to strike the right balance between more leisure and more material goods. No standard work week can be equally satisfactory to all workers; and while the achievement of the most generally satisfactory working week is a desirable objective, it is not identical with, and not nearly so important as, the more immediate objective of providing the right number of jobs to assure employment opportunity for all.

Full employment is sometimes defined as if it involved the total or maximum utilization of *all* the factors of production, and not merely labor. The term "full production" is sometimes used in conjunction with the term full employment to convey a similar notion.[1] The objective of total or maximum utilization of all available units of land, capital, and

[1]Alternatively, the term "full production" may be used to mean the volume of production that would occur at full employment; but in that sense it is no longer a separate objective, and its use in conjunction with the term full employment is therefore usually redundant.

entrepreneurial services does not, however, make good sense. We can expect to utilize only those units with sufficiently high potential productivity. There is no necessary benefit to be derived from using obsolete machinery and unproductive land, just because they happen to be available, and we certainly would not wish to encourage the unnecessarily rapid exhaustion of scarce natural resources.

In the case of labor, the situation is different: each unit is a person, who must be remunerated in some fashion—if necessary by public relief. Under ideal conditions he would always be given an opportunity to contribute something by working, providing only that the value of his potential output did not fall below the total net cost to society of utilizing his services. And, even with regard to labor, the objective is, as we have already observed, not to use the maximum amount of it, but to provide opportunity for each person to work if he desires.

Finally, full employment is sometimes defined in such a way as to require the use of each productive factor up to the point of its marginal productivity. This objective, which is more aptly described as "optimum utilization" than as "full employment," is identical with the classical economic goal of ideal proportionality among the productive factors. Since it is never possible to demonstrate for the economy as a whole that a given distribution of productive factors is more efficient than every other possible distribution, this concept has little practical applicability as an administrative standard. Those who would identify full employment with optimum utilization ignore the fact that our chief problem at the present time is not how to combine labor with other productive factors in their ideal proportions, but how to find enough jobs.

Criticisms of the full-employment goal have sometimes implied that an interest in securing enough jobs is necessarily in conflict with an interest in efficiency and the maximization of output: "We ought," it is said, "to be interested not in jobs for their own sake, but in production and higher real income." Such an antithesis is completely misleading. Assuring a continuously high level of employment is the greatest single contribution that could be made to the expansion of production and real income. Unemployed persons have a productivity of zero, and the output of goods and services will be far larger at full employment—even if some of the jobs are not of the most productive type—than where a large part of the labor force is not working at all. In seeking to secure the right number

of jobs we should certainly not overlook the importance of making these jobs as productive as possible—and of two full-employment programs that are equally desirable in other respects, we certainly ought to choose the one that maintains the higher levels of productivity—but it is absurd and self-defeating to object to full employment itself on the grounds that it may result in unemployed persons being given jobs of less than maximum productivity.

In the writer's view, our chief concern in defining full employment should be to avoid betraying what the plain man means, or intends to mean, when he uses the term. However greatly we add to its precision and effectiveness, we must not disregard what most people assume the core of its meaning to be. Moreover, we must define it in sympathy with those who view full employment as a verifiable concept and an attainable objective, and not with those who conceive it as, by definition, an inapplicable concept and an unattainable goal. It is of particular importance, finally, that our definition be one that does not obscure the intimate relation of full employment to the right to work.

The slogan most often used by the layman to express what he means by full employment is "jobs for all." This is not to be taken as meaning that no worker shall ever experience any interruptions in employment. Job changes and a small amount of between-jobs frictional unemployment are obviously inevitable in a dynamic economy with a continuously changing technology and pattern of demand. Rather, it would appear to mean that there must always be enough employment *opportunities* available so that any employable person who wants a job will be able to find one with reasonable promptness and without having to make sacrifices that are unreasonable in view of the regional, industrial, and occupational pattern of employment appropriate to a full-employment situation. In other words, genuine job opportunities for all willing and capable workers must be the essential element in any definition of full employment that squares with what most people who sincerely want full employment *think* it means. In this connection, it is important that the available employment opportunities offer at least locally prevailing wages and working conditions for the type of work involved, since the acceptance of substandard jobs may merely cause the displacement of other workers previously working at standard rates and under standard conditions, and may not bring about any net increase in the level of employment.

Discussion of the best administrative criteria for identifying a condition of full employment would take us too far afield.[2] Suffice it to say here that methods appear to be available for setting up a definite and reasonably precise administrative criterion of full employment such that there will be general agreement as to when we do and when we do not have full employment. There is reason to hope that the criterion or criteria adopted will be sufficiently objective and reliable to be used as a guide in the actual administration of a full-employment program.

II. Size of the Problem

The difficulty of attaining postwar full employment in some post-reconversion year like 1950 is clear when we consider the number of jobs required. The Bureau of the Census estimates that the "normal" labor force will be 60.5 million in 1950. This is based upon a projection of historic relationships between labor force and the size, and sex, and age distribution, of the population. It does not take account of permanent changes that may result from the war. During the war there has been an "abnormal" expansion of about 7 million in the labor force. While varying opinions have been expressed, it seems conservative to assume that under conditions of abundant employment opportunity the postwar labor force will remain permanently expanded by at least 1 million above the prewar "normal" trend.

Full employment in 1950 may, therefore, require employment opportunities for a total labor force averaging throughout the year something like 61.5 million persons able and willing to work. The number of *persons employed* would be less than this by the amount of necessary frictional unemployment. Estimates of unavoidable frictional unemployment have varied widely and not even the lowest of the commonly used estimates (the 1.5 million estimate of the National Planning Association) refers to an absolutely irreducible minimum. Undoubtedly even that amount could be further reduced—without creating labor shortages such as we have had during the war—if enough money and energy were put into improving the collection and distribution of labor-market information, and the promotion of labor mobility through nationally co-ordinated place-

[2]Such criteria are to be discussed in a technical report by the writer, which is now in preparation.

ment, retraining, and relocation services. Nevertheless, assuming that present efforts along these lines will be maintained but not greatly strengthened, it seems likely that at any one time 1½ to 2½ million persons might very well be subject to frictional unemployment despite the availability of sufficient job openings to provide employment opportunities for all. We therefore conclude, that in 1950, at full employment, we should expect to see a total employment of about 59 or 60 millions. While the proper figure might prove to be a million or so lower, it seems more likely to be higher; we should certainly not count on its being lower. The figure mentioned, of course, includes persons who are self-employed, and it also includes members of the armed services. Thus, if we should retain a permanent military establishment of 2 million men, for example, the level of *civilian* employment at full employment might be 57 to 58 million.

A civilian employment of 57 to 58 million looks large relative even to the 52.5 million civilians employed on the average in the peak war year of 1943, not to speak of the 46.5 million employed in 1940, or in the boom year of 1929. We must remember, moreover, that the rapid gains in productivity that are expected to occur as the new wartime production techniques and skills come to be applied to peacetime industries will substantially reduce the number of man-hours required to produce a given output.

In considering the difficulty of reaching an employment level of 57 or 58 millions, we must bear in mind that it took a colossal munitions program to raise civilian employment from 45 millions in 1939 to 52.5 millions in 1943; that is to say, to create 7½ million civilian jobs. Most of these jobs are now being rapidly eliminated. Just how low employment will sink in the reconversion period it is not possible to say, but it is fairly clear that to march back from the reconversion low to a level of 57 to 58 million will require the creation of at least as many jobs as were formerly created by the munitions program, which ranks as the most tremendous co-ordinated industrial effort in human history. Is a spontaneous economic expansion of comparable magnitude and speed likely to occur under peacetime conditions, and in the absence of any deliberate attempt by the government to bring it about? Such a fortunate occurrence is, indeed, possible, but it is difficult to understand why anyone should imagine it to be inevitable.

Those who are most confident on this score place major reliance on the spending of accumulated war savings to make good deferred demands and other demands. Liquid asset holdings of business and individuals (i.e., currency, demand deposits, time deposits, and United States Government securities) are estimated to have amounted to $193.6 billions at the end of 1944, of which $144.9 billions were personal holdings.[3] These savings are largely the result of wartime deficit financing, and they may have a stimulative effect somewhat comparable to that which would have occurred if the government had financed the war to a greater degree out of taxes and had then resorted to large-scale deficit financing (by borrowing instead of taxing to pay normal expenses) *after* the war. In addition to these savings, substantial dollar balances have accumulated in foreign hands and more will probably be made available through foreign credits. When these extraordinary sources of expenditure are added to normal government, business, and personal expenditure out of current income, the total may very well be temporarily large enough to clear the market of a full-employment volume of goods and services. Total expenditures may even be temporarily excessive and cause serious inflationary pressure.

From the inadequate evidence available, however, it is not clear that any very large part of these savings is in the hands of the low- and moderate-income groups constituting the overwhelming majority of the population, and offering the chief market for the mass production industries. It seems quite likely, therefore, that the major part of these savings will go to swell the huge volume of permanent savings seeking profitable investment outlets rather than to expand the consumer market upon which the number and profitability of investment outlets chiefly depends. Nor can we overlook the tremendous deflationary effect of the sudden and drastic curtailment of government expenditure, and its influence on the spending decisions of persons facing the reality or the danger of unemployment. We conclude, therefore, that, although inflationary pressures are inevitable in certain fields, and although over-all inflationary pressures may gain a temporary predominance, it is by no means certain that over-all consumer markets will remain strong enough to support an expansion *sufficient to restore the economy to full employment.*

[3] *Federal Reserve Bulletin,* June, 1945, p. 533.

It must be emphasized, moreover, that *attaining* full employment is only half, and probably the less serious half, of the problem. The chief problem may be that of *maintaining* full employment on a continuing basis. Once the more volatile portion of the war savings has been spent, and any long-run influence of the remainder on spending and saving habits has been fully exerted, it is quite doubtful that total expenditures will thereafter always be sufficient to absorb a full-employment volume of production. This can be seen from an analysis of the pattern of expenditures at full employment.

The total volume of expenditures required to absorb a full-employment volume of goods and services is subject to some differences of opinion, depending chiefly on assumptions with regard to the price level, the level of employment at full employment, and the expected increases in average productivity. But—as we shall see—the particular estimate chosen does not change the character of the problem. For purposes of illustration we shall use the figures employed by John H. G. Pierson in his study on *Fiscal Policy for Full Employment.*[4] These figures correspond in essentials, after making allowances for differences in assumed price levels, or for the particular postwar year under discussion, to those used by other government economists who have made a careful study of the problem. A full-employment volume of goods and services in 1948 is, in that study, taken as having a market value of around $185 billions in present prices. It is shown, however, that in the absence of a definite fiscal program for full employment it is unlikely that total expenditures would actually remain at the $185 billion level even if full employment were initially achieved.

The reasons for drawing this conclusion are as follows. In the light of past experience it appears that the capital expenditures of private business (including net exports) would not be likely to remain for long above $25 billions. Even our munitions program did not succeed in raising this component above $19 billions for the single year of 1941; and $25 billions of business capital expenditures constitutes a higher percentage of $185 billion gross national product than the percentages of gross national product actually attained by business capital expenditures in 1931-39. (It is not, however, so high as the percentages attained in the unstable boom

[4]Sponsored as a technical report by the Labor Committee on National Policy of the National Planning Association, May, 1945.

years of the '20's.) Government expenditures for goods and services (inclusive of federal, state, and local governments) might also amount to $25 billions if more or less inevitable expenditures were made, if no work relief were required, and if welfare programs did not go beyond the modest bounds currently planned. Business and government expenditures combined might therefore come to $50 billions, leaving it to consumer expenditure to clear the market of the remaining $135 billions of goods and services.

This National Planning Association study succeeds in demonstrating, however, that, if sufficient taxes were collected to balance the budget, if the general pattern of taxation were not radically changed, and if individuals tended to save as large a proportion of their disposable incomes as they did in the interwar period, then consumer expenditure would probably be no more than $127 or $128 billions. (This estimate makes allowance for a hypothetical consumer expenditure of an extra $3 billions a year on a continuing basis, as the direct or indirect result of accumulated war savings.) We would thus be left with a $7 or $8 billion deflationary gap, and would fail to achieve the full-employment objective unless the government took further action to enlarge its own, or private, expenditures.

In the absence of an effective full-employment program it is therefore apparent that in any given year a full-employment volume of expenditures may not materialize, *even if we start with a full-employment volume of income.* This conclusion is not in any significant degree dependent on the particular level of gross national product necessary for full employment. A smaller gross national product would yield a correspondingly smaller disposable consumer income, and would still leave the same sort of deflationary gap. In any given year the gap may be avoided by a spurt of business capital expenditures too large to be sustained unless consumer markets are greatly strengthened, monopolistic barriers to new investment are eliminated, and average business profit requirements are radically revised. If politically feasible, the gap may also be avoided by government expenditures on various welfare programs going far beyond anything presently accepted. The possibility of unfavorable repercussions on business expenditures as a result of exclusive dependence on such programs must, however, be borne in mind. The only immediately feasible and effective method known to the writer for permanently avoiding such gaps is based upon a controlled expansion of consumer expenditure through an imple-

mented guarantee of continuing job-opportunity accompanied by the underwriting and sustaining of aggregate consumer spending at a level sufficient to secure continuing full employment without unduly heavy reliance on public works.[5]

III. The Full Employment Bill of 1945

Because of the extraordinary historical significance of the Full Employment Bill of 1945 brief mention of its legislative origins may be of some interest. To Mr. Patton, the President of the Farmers Union, goes the credit of having started the ball rolling. In August, 1944 he sent Senator Murray a legislative proposal designed to assure full employment by authorizing for annual expenditure on federal public works the amount by which prospective private and other nonfederal investment (including private investment based on specially arranged RFC loans) was estimated to fall short of $40 billions.

In line with technical criticism and suggestions received from various government agencies this proposal was worked over and by stages completely transformed. On December 18 the draft of a new measure called the "Full Employment Bill of 1945" appeared in the year-end report of the War Contracts Subcommittee of the Senate Committee on Military Affairs. After being further revised in consultation with various government agencies and interested groups, this became S. 380, which was introduced in the Senate on January 22 of this year by Senators Murray, Wagner, O'Mahoney, and Thomas (of Utah). A virtually identical bill (H.R.

[5]This program is described in concrete terms in the National Planning Association pamphlet cited above, and its theoretical basis is explained in John H. G. Pierson's "The Underwriting of Aggregate Consumer Spending as a Pillar of Full Employment Policy" in the *American Economic Review*, March, 1944, pp. 21-55. An earlier article by the same author entitled "An Economic Policy to Insure Permanent Full Employment" appeared in the Summer, 1942 issue of *The Antioch Review*, pp. 227-235. A recent and very brief statement, entitled "A Full Employment Program," appeared in *The American Federationist*, August, 1945, pp. 28-31. For the relation of such a program to basic long-run programs for minimizing the need to incur federal deficits as a condition of maintaining full employment see: "The National Budget as an Aid in Reducing Deficits Under Assured Full Employment," in the *Monthly Labor Review*, August, 1945, pp. 210-214. The discussion of the Full Employment Bill of 1945 in Section III, below, relies heavily upon the body of ideas developed by Mr. Pierson.

2202) was introduced into the House by Representative Patman (who was later joined by over a hundred other co-sponsors). On July 28, several perfecting amendments were proposed by four Republican Senators (Morse, Tobey, Aiken, and Langer) who at the same time asked to become co-sponsors of the bill.

On July 30, and 31, August 1, and August 21-31, public hearings on S. 380 were held before a special subcommittee of the Senate Committee on Banking and Currency. The bill was supported by the administration, and by most of the groups testifying. Business opinion, however, was divided. In executive sessions the subcommittee considerably shortened and simplified the bill, but voted down, by the narrow margin of 5 to 5, various "moderating" amendments proposed by Senator Taft and other critics of the measure. (Amendments require a majority to win acceptance.)

The discussion of the bill's contents in the remainder of this paper will be based upon the latest version of the bill available at the time of writing, the one reported out by the subcommittee on the Senate Banking and Currency Committee to the full committee on September 18. S. 380 contains four main elements: (1) A general statement of the right to work and the government's obligation to assure full employment; (2) an outline of the general policy by which it is proposed that full employment may be assured; (3) provision for a National Employment and Production Budget; and (4) the establishment in Congress of a Joint Committee on the National Budget. Let us discuss the less controversial of these features first.

The Joint Committee on the National Budget, comprising fifteen members from each house, to study the President's budget and to make its own detailed recommendations, is generally acknowledged to be an excellent idea. Such a committee would probably provide the means for improved co-operation between the President and Congress on vital economic legislation, and, even more important, it would assist Congress to examine the various economic measures before it from the point of view of their effects on employment, and to emerge with a more consistent economic program.

The National Production and Employment Budget, or National Budget for short, is the most original element in the bill from the point of view of economic content. The National Budget provides for the orderly establishment of annual goals required for the maintenance of

full employment, and, in particular, directs attention to the total volume of *expenditures* which, at the anticipated price level, will be required to buy a full-employment output of goods and services. Recent economic thinking has tended to emphasize the strategic position of expenditures in motivating production, and thereby determining the level of employment, in a private enterprise economy. This is quite clearly the governing postulate, for example, in the British White Paper on Employment Policy, and the Australian White Paper on Full Employment.

The part of the bill that will have the strongest public appeal is the vigorous language declaring that "all Americans able to work and desiring to work have the right to an opportunity for useful, remunerative, regular, and full-time employment," and that "the federal government has the responsibility to assure continuing full employment, that is, the existence at all times of sufficient employment opportunities for all Americans able to work and desiring to work." Of course this formulation of the rights of the individual and the responsibilities of the government with regard to employment is in very general terms. If it is to be more than a pious statement of good intentions, it will have to be given concrete meaning and implementation.

The passage of a bill containing such language would, nevertheless, have great historical significance. It has been generally assumed until quite recently, and it is still the opinion of at least an important minority today, that the government cannot assure full employment in a private enterprise economy because recurrent depressions are inevitable. The new philosophy upon which this bill is based may be summarized in the proposition, "it is possible under private enterprise to *prevent* depressions." The full implication of this idea are hard to grasp because they run counter to so much that has usually been taken for granted in the past. One necessary implication is that depressions, like smallpox epidemics, need not occur unless we are willing to have them, or in other words, that having or not having depressions is a matter of deliberate choice. This simple notion may turn out to be the most revolutionary economic idea of the twentieth century. If acted on, it may restore to capitalistic societies full control over their own destinies, and prevent them from being shaken to pieces by their own tremendous productivity.

The chief defect of the bill is that it does nothing to reassure those persons who think that any government responsibility to prevent depres-

sions will necessarily undermine private enterprise. In fact the peculiar emphasis given to federal investment and expenditure in the bill is likely to intensify rather than to allay their misgivings.

Under Section 2(d) of the bill the federal government is required to develop and pursue a comprehensive and consistent economic program (covering taxation, banking, social security, federal expenditures, and practically all other federal economic activities) which shall stimulate, encourage, and assist private enterprises and state and local governments to make their maximum feasible contribution to full employment, and which shall, "to the extent that continuing full employment cannot otherwise be assured, provide such volume of federal investment and expenditure as may be needed . . . to assure continuing full employment."

Note that the bill does not say, for example, that the program shall "to the extent that full employment cannot otherwise be secured provide for such volume of federal investment and expenditure *or* tax adjustments *or* minimum wage increases, *or* liberalization of social security benefits, *or* reductions in monopolistic profits, etc., as may be needed . . . to assure full employment." It singles out federal investment and expenditure as the one method to be pursued to the full extent necessary to achieve the results. Nor is there any reassurance in the bill as now written that measures other than federal investment and expenditure will be used to the fullest extent possible, so as to reduce to reasonable dimensions the size of the load that federal investment and expenditure will have to carry. While the full employment program must "stimulate, encourage, and assist private enterprise . . . to provide the largest feasible volume of employment opportunities," there is nothing in the bill to prevent this from being done primarily by means of federal expenditures. In this connection it may be noted that under the bill construction activity on public works would normally be performed under contract by private enterprises.

It may be possible to force the bill through in its present form, despite the suspicions it arouses. There is a real danger, on the other hand, that the goal it establishes will be weakened by those who fear a definite full-employment commitment because they do not see how such a commitment can be honored except by methods of which they deeply disapprove. Even if passed without weakening amendments, however, the bill as it stands will merely proclaim that it is a federal responsibility to assure full employment; it will not itself provide that assurance. No bill can

provide that assurance that does not clearly set forth a general method by which full employment can be maintained without having to rely on expenditures for public works in excess of those that Congress will actually be willing to approve.

There is space in the remaining paragraphs only to indicate in very summary fashion the sort of provisions which, in the opinion of the writer, would be required to provide such assurance, and to enlist the support of all groups whose co-operation is needed to make the full-employment assurance effective.

1. A provision for a regular review and evaluation of all basic long-run economic policies of the government, and their revision as needed to create a favorable environment for the maintenance of continuing full employment through a high level of expenditure by private businesses and consumers, *without* reliance upon federal expenditures (other than those approved without regard to the employment they afford) and *without* deficiencies in the federal budget.

2. A provision that if, despite the foregoing measures, consumer expenditure in private enterprise markets declined below the level required to maintain full employment as underwritten by Congress, specified tax adjustments (including tax reductions, tax remissions, and tax credits or repayments to offset indirect taxes paid) would be made to restore consumer expenditures to the guaranteed level.

3. A provision that if, despite other programs adopted, employment declined below the level corresponding to full employment, as underwritten by Congress, funds already appropriated on a contingent basis would be automatically released and workers would be hired at standard rates of pay to work on public works, including service projects where needed, drawn from a previously approved public works shelf, or from expansions or accelerations of previously budgeted items.

4. Provisions that if employment ever came to exceed by more than a set margin the level underwritten by Congress, an appropriate number of workers would be released from employment on public works, and that if consumer expenditure came to exceed by more than a set margin the level underwritten by Congress, a spendings tax or some other deterrent to expenditure, previously passed by Congress, would automatically come into operation. These provisions would guard against labor shortages and inflation.

5. A provision that if measures taken under (2) or (3) above produced a deficit in the federal budget exceeding a given amount for any average period of perhaps five years, a special commission would be appointed to make an intensive examination of the nation's economy and the government's economic policies in order to determine the conditions responsible for the inability to achieve full employment without incurring federal deficits, and, insofar as feasible, to make recommendations for eliminating these conditions.

A PLAN FOR WORK SECURITY

By JANE GREVERUS and JOHN PERRY

HOPES ARE HIGH for an era of unprecedented prosperity. Full production and full employment are the declared goals of business, labor, and government. During the war, national income, production, and employment have been far higher than ever before. Everyone wants them maintained near present levels.

But realists are contemplating a more gloomy picture. Prosperity is possible, but it is by no means guaranteed. We still know so little about the forces which control our economy that prediction is apparently impossible. The Committee for Economic Development, analyzing price trends, concluded that after V-J Day we might have inflation, deflation, or successive deflation, inflation, and deflation.[1] The Third Report of the Director of War Mobilization and Reconversion expresses similar uncertainty. And there are ominous signs that both business and labor are looking to the future with more caution than confidence.

Congress has tentatively admitted its responsibility for staving off repetitions of the Great Depression, and many Congressional spokesmen have said that early preventive action is essential. Action after 1929 was delayed too long. Yet today we are repeating the same error.

What bulwarks have been erected against a sudden decline in employment and take-home pay? There is the Fair Labor Standards Act, but the minimum wage it establishes is low,[2] and it applies to only 22 million workers whose occupations are in interstate commerce. We also have 51 systems of unemployment insurance. But as Judge Vinson points out, these systems are "not adequate to meet the needs of the reconversion period. Weekly payments, particularly for those workers with dependents, are not sufficient to prevent drastic reductions in living standards. The duration of payments in many states is so short that many workers will exhaust their benefits before they find another job."

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[1] "Post-War Employment and the Removals of Economic Controls"—Committee for Economic Development—April, 1945.

[2] Forty cents per hour minimum, slightly higher in specified industries.

Since Pearl Harbor, there has been little inclination to look beyond the day of final victory. Until the Office of War Mobilization and Reconversion was established, government had no organized interest in postwar conditions.

In recent months, interest has reawakened. So far the chief emphasis has been on "de-control," abandonment of the powers which government used to put the country on a war footing. Some liberals and labor organizations have condemned rapid de-control, asserting that reconversion is at least as big a job as conversion and calls for as much co-ordination. Judge Vinson favors de-control, explaining that "the Federal Government does not have the personnel nor the experience to do detailed planning for individual businesses or communities."

But Judge Vinson also asserts that "the Government must use its administrative powers to create conditions which will enable industry to resume civilian production as rapidly as possible. . . . Thoughtful persons realize that the Government must shoulder major responsibility in adopting constructive policies to help us reach and hold high levels of production." He sets forth a 9-point program:

1. *Taxation.* A complete modernization of tax laws to help achieve stable high levels of employment and production.
2. *Small Business.* A program to foster small business and encourage the birth of new business.
3. *Competition.* A fair, vigorous, anti-monopoly program because competition is a keystone to our free society.
4. *Labor, Management, and Wages.* Measures to reduce industrial strife, the broadening of the minimum wage laws, and the encouragement of a high wage policy by business.
5. *Foreign Trade.* The breaking down of artificial barriers to trade and positive measures to encourage world trade.
6. *Social Security.* The broadening and expansion of unemployment compensation, old-age pensions, health and education programs of federal, state, and local governments.
7. *Farm Program.* Measures to assure the farm population an opportunity to enjoy the same standard of living, health, and educational facilities as the rest of the American people.
8. *Public Works and Construction.* A long-term program of public works tied in with the government's fiscal policy, and a program to encourage far

greater volume of private construction for housing than we have ever had in the past.

9. *Fiscal Policy.* A fiscal policy aimed at maintaining the economy at or near full employment, and co-ordinating all government programs that have either an inflationary or deflationary effect.

Each of the nine points calls for new legislation. In some instances, bills are in the hopper, but action on the complete program, even assuming Congressional acceptance, will take many months. With the end of the war with Japan, we are unprepared for the economic consequences.

Leaders in Congress and in the executive agencies are now turning their attention to the puzzle of what lies after victory. Many of them believe that action to ward off another Great Depression is urgently needed. Their views and those of the opposition will collide head-on in the hearings on the Murray Full Employment Bill (S. 380).[3]

This bill, already the target of concerted attack by conservatives, provides for no specific economic action; it directs the Chief Executive to get the facts about our economic outlook each year, and to report his findings to Congress with recommendations for action. But the bill declares that all men have the "right to work," and that assurance of employment opportunity is, ultimately, the responsibility of government.

Because of these important hearings, we venture to submit this plan for work security. The concept is not new, but we have provided an administrative philosophy and plan. It is offered as a contribution to the discussion, not as a patent "depression-killer." Other measures will also be required.

I. The Work Security Plan

The essence of the plan can be stated in two sentences:

Let the government fix a minimum hourly wage.[4]
Let government announce its readiness to employ at this wage any willing and able worker.

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[3]Introduced by Senator James E. Murray, sponsored by 7 members of the Senate and 103 members of the House of Representatives.

[4]For purposes of this discussion, we have adopted the rate of 65¢ an hour. This will become minimum under the Fair Labor Standards Act if pending legislation is adopted. We are also assuming a 40-hour work-week, making the weekly wage $26.

It takes little imagination to anticipate the violent reactions such a proposal will encounter. Here, at last, is the government-guaranteed job! Now the working force of the nation will quit and all go to work for the government! Yet we believe serious analysis will reveal this plan to be less of an affront to our economic order than earlier relief schemes which made more political compromises.

Who Would be Eligible?

The Work Security Plan is not a relief measure. Indeed, we doubt that it could be undertaken while the nation struggled with the burden of millions of unemployed. It is intended as a bulwark against unemployment and depression, a measure not only to offer security to the worker, but also to assure businessmen of customers, manufacturers of a market. Its purpose is to put a firm floor under individual incomes and national income.

Need would not be prerequisite to a worker's obtaining a job under the plan. There would be no means test, no question of residence, no inquiry into the reason for unemployment, no case investigation. No one would be dropped from the rolls for refusing a job in private employment. He could work for the government as long as he chose—a day, a month, or years. Should he accept a job in private industry, this would not prevent his prompt return to the government payroll should that job terminate.

Since it is not a relief scheme, no stigma will be attached to work security employment.

Workers Only

The Work Security Plan is only for persons willing and able to work. Foremen would be ordered to lay off instantly anyone not turning in a reasonable performance. Wages would be paid on the basis of a time-card record; the cards of those not working would be picked up. No discretion would be given foremen; the reason for nonperformance should be considered elsewhere.

This plan is not intended to provide general social security or to care for unemployables. Persons physically or mentally unable to work should not be eligible.

Naturally we favor the broadest definition of "employable" consistent with satisfactory work. But we recognize that the purpose of the Work Security Plan would be defeated if it became a convenient dumping-

ground for classes of workers private industry chose not to hire. As a practical matter, no man or woman should be kept on the work security rolls who does not have a reasonable chance of returning to private employment.

Is the plan to become a temptation to the young, enticing them away from the classroom? Will it become a refuge for older workers, unable to find jobs above the minimum wage in private industry? We think both are undesirable, and would set the upper and lower age limits for eligibility at 65 and 18 respectively.

Part of a Broad System of Securities

It is not our intention to condemn to the gas chamber or to starvation all those unable to hold jobs. The young have special problems of their own, best dealt with in terms of health and education. The aged, if they are too old for constructive work, should not be demeaned by being paid to perform insignificant jobs. Nor should the sick, maimed, handicapped, orphaned, or mentally defective individuals be cared for by a program based on the concept of work. In all these areas there is need for a broader system of social security and social aid. The work security program will function best if it is part of such a broad system of securities, and if it need concern itself only with workers private industry regards as "employable."

II. Basic Administration

Operation of the Work Security Plan should be as simple and automatic as a penny gum machine. The administrative plan can reduce to a minimum possibilities for graft and abuses, *chiefly by narrowing down the areas of administrative discretion.*

Relief plans requiring evidence of need, proof of residence, reasons for unemployment, and family situation will inevitably be abused. Administrative machinery is burdened with affidavits, investigations, case records, interviews, and complaints. Local officials have broad powers, and some of them will use these powers for monetary or political advantage. Some workers, subjected to such a system, will seek to evade the regulations. During the Great Depression, residence-faking was widespread in cities having the best reputation for treatment of the unemployed. There was constant guerrilla warfare between relief recipients and investigators.

Under the Work Security Plan, these difficulties would be swept away. The Work Security Administration (WSA) would maintain hiring halls in each population center. Any worker within the age limits appearing in the hiring hall would be issued a job card and assigned to a work center. He would register, giving his name, address, and previous occupations.

Referrals to Private Industry

WSA hiring halls would also be private industry employment centers. All employers would be invited to list their manpower needs at the centers. Job openings would be posted, and clerks would handle referrals. But no applicant would be forced to accept private employment.

At the time of registering, and each week when claiming his pay, he would be exposed to offers from private employers. Naturally, if they offered higher wages or other inducements superior to those of WSA, the worker would cheerfully return to private employment. If he accepted lower wages with WSA on the theory that he could loaf rather than work, his illusions would promptly be shattered.

Deciding Employability

As stated, foremen on projects would be ordered to pick up the card of anyone not turning in an adequate performance, and send it back to the hiring hall. When this happens, the worker for the first time becomes a "case." Is he ill, handicapped, mentally defective, injured? Or is he gold-bricking? Answering such questions fairly is a matter for experts. Persons ignorant of medicine and psychiatry too often blame the effects of real ailments on perversity.

We strongly recommend that these decisions not be made by WSA. Any individual unable or unwilling to work should be referred automatically to a social agency or to a center maintained by social agencies for case assignment. Otherwise WSA will have to duplicate case-handling facilities available elsewhere, and will incur the risk of abuses of administrative discretion.

III. Impact on Other Federal Programs

No new measure of any consequence can be initiated by government today without necessitating readjustments in other programs. There will be some duplication of effort and of personnel. Simplicity of administra-

tion in the Work Security Plan is a dubious virtue if the plan complicates administration of other programs. We submit that it would not, and that it would in certain instances rationalize and simplify the structure of protective legislation.

Inauguration of the Work Security Plan would obviate the need for enforcement of the Fair Labor Standards Act. The plan would establish minimum standards: those of the government. Since any worker could enjoy these on request, a private employer would have to do as well in order to compete.

The need for policing and enforcement would vanish. Further, wage and hour standards would be secured for the millions of workers in occupations now unprotected—without raising the issue of interstate commerce.

Unemployment Insurance

With the advent of Work Security, the need for unemployment insurance in its present form would largely disappear. The man who loses a job can immediately find another or register for Work Security employment.

Our present unemployment insurance plan has carried us a long step forward. Yet it has its faults. Within the national framework, individual states have worked out their own variations, some good, some bad. The maximum provisions for payments are too low, and some states provide far less than the maximum. And at best, unemployment insurance protects the worker only against short-term unemployment.

We do not recommend that unemployment insurance be abandoned. Rather, with the advent of Work Security it could be modified to serve new purposes.

A man losing a $30-a-week job can adjust to $26 more readily than the man losing a $75 job. If the period of unemployment is prolonged, the latter must readjust his budget, find new living quarters, sell his car, and make other changes. Work Security offers no differential based on past earnings.

But there could be temporary supplemental cash payments, scaled to previous earnings. This arrangement would be similar to severance pay, now provided for in many union contracts. These cash payments, covering a few weeks, would cushion the economic shock for the high-

wage worker. They would be a boon to the business community, through permitting orderly liquidation of normal debts.

Other Securities

To summarize, we see the Work Security Plan as a measure to support employment and wages. If adopted, it would be one instrument for implementation of the Full Employment Bill, bridging the gap between the not wholly predictable effects of broad federal fiscal policies and the individual aid offered by social security legislation.

It would underscore the need for broader social security. Several measures intended to fill this need are now under consideration, notably the Federal Aid-to-Education Bill (S. 181, H. R. 1296) and the Wagner-Murray-Dingell Bill (S. 1050).

IV. Work to be Done

The government, under this plan, offers work to all comers. What kinds of work? Can there possibly be enough to go around?

Doubts and objections are based on unhappy memories of "leaf-raking," "shovel-leaning," and "made work." Granting that morale is maintained better by a wage than a dole, this advantage is lost if the worker is assigned to a project which is clearly pointless.

If one shuts out past controversies for a moment, doubts begin to vanish. In this country there is no end to the list of useful projects. Our soils are still washing away to the sea. Cities lack parks and recreation grounds. Rivers are polluted. Forests are being depleted by man, pest, and flame faster than new timber can grow. Malaria still lurks in swamps. Open sewers traverse some of our largest cities. Most rural communities lack hospitals. Children play in busy streets while playgrounds are closed for lack of supervision.

Certainly there is no lack of things to be done. But many of them WPA could not undertake. Some of the difficulties are doubtless unavoidable: business groups will object to projects which appear competitive with private industry; labor will object to wages below union scale for skilled or semi-skilled work. But others, peculiar to relief plans, need not influence Work Security.

WPA had to care for thousands who were malnourished, poorly clothed, and demoralized by months of unemployment. It was inevitable that many WPA workers were assigned to tasks for which they had

neither the health nor the heart. It was difficult or impossible for WPA to ask its workers to go to projects away from their home cities.

Work Security will receive its workers directly from private employment. There need be no residential restrictions. Its projects can be operated in much the same way as those of private enterprise: the work will be offered where there is work to be done; if it is out-of-town, arrangements for transportation and housing will be made as they must be made by a private contractor under similar circumstances.

Organization of Projects

The key to the project problem, in our opinion, is to place responsibility on expert agencies. WSA should not undertake any projects whatever; its function should be limited to hiring and assignment.

The Soil Conservation Service is clearly the agency to map out soil conservation projects and direct the work. Other agencies best know what should be done in reforestation, area improvement, pest control, and construction. Each such agency should develop its own bank of projects. When one is undertaken, WSA should merely contract to supply the labor.

Similarly, states, counties, cities, and townships should be invited to develop projects. WSA labor should be made available to them, on terms requiring that they provide enough of the financing to rule out reckless or trivial undertakings.

Since the size of the WSA working force will fluctuate seasonally and from year to year, the rate of project undertakings will vary. There will be need for co-ordination. Someone must sort out the projects in terms of feasibility, timeliness, and the national interest. This could best be done by an executive board, with the WSA administrator as chairman and expert agencies as members. Public members should be included.

Nonfederal agencies should submit their projects to this board, not WSA, for review. Similar co-ordination should be carried down to the lowest administrative level.

Financing

While projects would be planned and executed by the expert agencies, Congress should not include WSA labor cost provisions in their individual budgets. The result would be hopeless confusion, and a final total arrived at by chance rather than intention.

Passage of the Murray Bill would provide the ideal mechanism. In his report to Congress, the Chief Executive would forecast the probable WSA employment load for the coming year, and request a sufficient appropriation. This fund, when appropriated, would be allocated by the Chief Executive on recommendation of the co-ordinating board mentioned above.

This same report would recommend other federal spending. We doubt that Congress would give the Chief Executive blanket authority to allocate among agencies funds to pay for land acquisition, materials, and so on. Thus the capital costs of WSA projects would probably come out of special funds appropriated to the individual agencies.

Other Government Hiring

A point we cannot emphasize too strongly is that there should be no gulf between WSA work and other government employment. WSA workers would be government employees, not relief recipients. They would not, however, be entitled to civil service status, retirement benefits, or annual and sick leave. They would form a special group, within the total framework of government employment.

Government, like private industry, should hire its workers through the WSA hiring halls wherever it is feasible to do so. We would expect that most skilled labor and foreman labor would be hired through the halls.

V. Effect on Wages and Employment

In his third report, Judge Vinson pointed out that a relatively small proportion of the total jobs in the country will be directly affected by reconversion. "If we are successful," he stated, "in maintaining a high volume of private production and consumption, most jobs will continue."

Of a total employment of 51,200,000 people in 1945, 44,600,000 were working in industries which face no physical reconversion problem. The remaining 6,600,000 will lose their jobs, at least temporarily, as their plants will be shut down permanently or for alterations. These jobs are distributed in shipyards, ordnance, signal equipment and war chemical plants and in Federal war agencies.

These 6,600,000 are among the highest wage earners, employed in industries which stepped up wages rapidly early in the war. They provide

the immediate problem of employment during reconversion, but their success or failure in finding good jobs quickly will affect the markets upon which the jobs and wages of the other 44,600,000 depend.

"Reconversion" and "maintenance of high production levels" are terms used to describe the task ahead, but both fail to suggest its magnitude. Return to prewar conditions would mean wholesale layoffs and widespread unemployment. Maintenance of present production levels means that new civilian production must replace the $86.3 billions—43 per cent of the gross national product—recently represented by war orders.

To maintain present levels, find jobs for returning servicemen, and make use of our demonstrated capacity to produce, we must set our target far above any peacetime year. Judge Vinson says, "The American people are in the pleasant predicament of having to learn to live 50 per cent better than they have ever lived before."

What Total of Employment?

It is difficult to say how many individuals will be on the postwar employment market. In 1944 there were, on the average, 64 million persons in the total labor force, or 61 per cent of the population of 14 years and older. In 1940 the total labor force was 54.5 million, about 54 per cent of the same population range. Of this increase of nearly 10 million, less than 3 million would have been added had there been no war and had economic conditions remained static. And, except for drafting into military service, the increase was achieved by voluntary inducement.

A big majority of this 7 million will probably retire from the employment market. But even assuming all 7 million retire, the total labor force in 1946 will be not less than 58 million (allowing a half-million increase each year). The popular figure of 60 million, used as the equivalent of "full employment," is thus by no means unreasonable.

In 1940 there were 8 million workers unemployed. Since 1943 the total has hovered at about 1 million, though it is now rising rapidly. But in 1946, employment at 1940 levels would mean a total unemployment of at least 11.5 million workers.

Some business leaders and conservative economists, while endorsing the principle of full employment, contend that this cannot mean year-around employment for the total labor force. They contend that there must necessarily exist a group of 2 to 4 million unemployed. This would

include workers idle for some personal reason, those laid off during seasonal lulls or retooling, and those who are "between jobs." They argue that such "frictional unemployment" is inevitable, and that business requires such mobility in the labor force in order to make its adjustments.

We are not prepared to refute the contention that a degree of "frictional unemployment" may be necessary. But we fail to see why the cost of a labor reserve necessary to business (and thus presumably to the nation as a whole) should be borne by the individuals who happen to be unemployed. If some unemployment is necessary for operational reasons, well and good. But a pool of unemployed can be used to depress wages. If this is not the intention of business, it should welcome the Work Security Plan as a convenient instrument.

Prospects for Full Employment

No authority, to our knowledge, has contended that we must inevitably return to prewar levels, that the cold facts of economics permit us to utilize our productive capacity and manpower only in wartime. Yet there are disturbing signs that this may happen.

A "wait and see" policy can retard reconversion dangerously. If it continues, many of the 6,600,000 in jobs affected by reconversion, and many of the 10 million servicemen to be discharged, will not find jobs when they seek them.

Private business, before hiring, wants to know the size of the market for which it will produce. Consumer expenditures for goods and services during the war have been heavy: $98 billion in 1944, far above the 1929 prewar peak of $71 billion. Yet they have lagged behind the increase in national income and in compensation of employees, as the following table suggests:[5]

RELATIONSHIP OF CONSUMER EXPENDITURE TO NATIONAL INCOME

1929	85%	1937	87%
30	94	38	92
31	100	39	87
32	104	40	85
33	100	41	78
34	96	42	67
35	93	43	61
36	92	44	57

[5]Slide-rule ratios from data in *Survey of Current Business*, May, 1942, and April, 1944.

Prior to the war, consumer expenditures were never less than 85 per cent of national income, and reached 100 per cent and over in the years in which corporations paid dividends out of savings. But since 1940 the percentage has been declining rapidly. A part of this is the result of increased tax payments. But by far the largest part of the decline is chargeable to increases in savings and investments.

But if the holders of savings fail to find jobs, their savings will be held, and gradually dissipated in expenditures for basic food, clothing, and shelter. A much larger volume of savings will be frozen in the hands of those who are still employed, but see their neighbors out of work.

The Work Security Plan would have a dual effect. On the one hand, it would guarantee a market to the businessman. It would cut through the present impasse in which each businessman is tempted to "hold off" —to wait and see if other businessmen employ enough workers to give him an assured market. At the same time, by assuring workers of an income, it would prevent the freezing of savings, freeing those funds to purchase automobiles, radios, homes, and educations.

What Will Happen to Wages?

Full production and full employment are only two of the measurements of our goal. Neither is attainable if there is a marked postwar decline in wages.

Between 1939 and 1943 salaries and wages paid to all civilians, exclusive of farm employees, rose from $43.1 billions to $89.9 billions, an increase of 108.6 per cent.[6] The Office of Price Administration Research Division has estimated the effects of restoring 1939 conditions:

> Return to 1939 average hours worked per week would lop off $11.5 billions, $2.6 billion in overtime pay, $8.9 billion in straight-time pay.
>
> Restoration of 1939 percentage distribution of private non-agricultural employment by industries would lop off $2.3 billion. (Shift from high-paid to low-paid industries.)
>
> If, in addition to these two changes, total employment should drop to 1939 levels, salaries and wages would fall by an additional $19.3 billion.

[6] "Effect of Restoration of 1939 Hours and of Percentage Distribution and Total Volume of Employment on Salaries and Wages"—Office of Price Administration, Division of Research, August, 1944.

The level of employment is the chief factor in maintaining a high national income, but the two factors representing take-home pay would amount to a loss of nearly $14 billions. Further, the two do not operate independently. If take-home pay declines sharply, it will soon be reflected in declining employment.

With the end of the war, the lengthened work-week and frequent overtime are being abandoned. If production remains high during reconversion, this will open up additional jobs. But this effect will be more than offset if take-home pay is markedly reduced. The same danger is presented by the probable shift of some workers from high-wage war industries to lower-wage peacetime industries. Together they threaten a substantial shrinkage of the market—a shrinkage that would lessen demand chiefly for the products of the manufacturing industries that pay the highest wages. Full production and employment are attainable only if total wage payments are also sustained. Clearly this means an increase in average hourly straight-time rates sufficient to offset the reduction in average hours worked and the shift to lower-wage industries.

Effect of Work Security

The establishment of a 65¢ an hour floor under wage rates would obviously have a direct effect on rates below that level. Presumably it would also push upward some wages above that level, though experience under the Fair Labor Standards Act indicates that wages in the upper brackets would not be markedly affected.

Some idea of the dimensions of the effect is offered by a simple computation. Let us assume, for the moment, that the entire labor force of the nation (taken as 60 millions) is employed at 65¢ an hour, 40 hours a week, 52 weeks a year. This yields an annual total of wage and salary payments slightly over $81 billion. If we then assume a relationship of 70-100 between wage and salary payments and national income, we have a national income of over $115 billion.[7]

While our computed figure is considerably below the 1944 national income of $160 billion, it is well above the total in any prewar year. With a 65¢ floor, the actual figure would be much higher than $115 billion, closer to the goal of $160 billion.

[7]Wage, salary and supplemental payments have, over a period of 16 years, represented about 70 per cent of the national income.

The contrast with prewar years is startling, but the reasons for it are familiar. In every prewar year there was considerable unemployment. The total labor force was smaller. And millions of workers were employed at rates below 65¢.

But this was in a period of false prosperity and ensuing depression; is it true today? Would a 65¢ hourly rate minimum offset the cutback in weekly hours and the shift to lower-wage industries?

War Labor Board data covering 28 million employees as of January 1, 1944, indicate that 11 million of them were receiving less than 65¢ an hour.[8] This is 40 per cent of the total. Groups excluded from this computation are agricultural and governmental employees, professionals and domestic servants. We believe the percentage of persons in the total of these groups receiving less than 65¢ is slightly higher than 40 per cent.

However, assume a national percentage of 40 for the 51.2 million workers now employed (civilians only). Our rough calculation shows that if those now below 65¢ were raised to that level, this alone would add between $8 and $9 billions to annual wage and salary payments. The calculation is rough, but it indicates that establishment of such a floor would approximate the increase necessary to offset the curtailment of overtime, decrease in hours worked at straight time and shift to lower-wage industries.

VI. Cost to the Nation

What would Work Security cost? Can we afford it?

The cost of the program at any given level of unemployment is readily computed. If a daily average of 3 million workers is on the payroll, the labor cost will approximate $4 billions annually. But this would not be the net cost to the nation. Granted that Work Security may be more expensive, per unemployed worker, than WPA or a dole. But if Work Security helps prevent a decline in national income, the cost of the program may be less than the loss of tax revenues. Further, if the plan helps avert a major depression, it will save not only tax revenues but also the cost of relief programs which, though cheaper per individual on the rolls, may be more expensive in total.

From 1930 to 1932, national income declined from $70 billions to $40 billions, and federal tax revenues dropped from $3.5 billions to $1.8 billions.

[8]Report No. 24, Research and Statistics, War Labor Board, July 15, 1944.

Expenditures, on the other hand, rose from $3.4 billions in 1930 to $4.6 billions in 1933 and $6 billions in 1934. Expenditures continued to rise rapidly throughout the '30's, and in addition the federal debt increased from $16 billions in 1930 to $40 billions in 1939.[9]

We are coping with more powerful economic forces today. Total federal budget receipts rose from $5.5 billions in 1939 to $35.8 billions in 1943. At the same time, federal expenditures for nonwar purposes declined from $7.5 billions to $6.2 billions.[10] It seems apparent that we can now afford considerable expenditure to maintain national income, even allowing for reduction of corporation taxes. Within the framework of full employment at present levels of take-home pay, we could begin retirement of the federal debt. But return to the national income of any prewar year would inevitably mean further deficits.

Economic Role of Work Security

It is not our belief that the Work Security Plan should be the keystone of the nation's postwar economic program. We would not suggest that it replace any constructive program or measure advanced by business, labor, or government. All three groups have come forward with plans to help keep our economy in high gear. Certainly tax policy will have an effect on the level of business activity. Certainly the level of federal spending will have an effect on employment. Credit facilities for small business, sound agricultural programs, aid to housing development, improved trade relations—all these and other measures will help.

We therefore submit the Work Security Plan as an auxiliary to other programs, a device to compensate for errors in predictions. By dealing directly with the worker rather than the economic facts of his environment, the Work Security Plan can fill in the gaps, pick up the unemployed who happen to be left over. To the extent that other plans and measures are successful, Work Security will be a line of defense behind the fighting front; if it is not needed, it will not be used.

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[9]Monograph No. 20; Temporary National Economic Committee—1940.

[10]*Survey of Current Business,* April, 1944.

LET'S USE THE WAR PLANTS

By WALTER P. REUTHER

WE ARE EMERGING from a war in which victory was due largely to American production miracles. Those achievements, in turn, were made possible in large measure by government direction of the economy, by government purchase of roughly half of the wartime national output, by government-financed plant expansion aggregating over $16 billions, and by a general subordination, in the economic realm, of private interests to public purpose.

After a few weeks of "reconversion" (a poor word, suggesting that there is some satisfactory "normalcy" to which we can return), it is apparent that as a nation we are stubbornly refusing to learn anything from our wartime experience. President Truman has resurrected Franklin Roosevelt's Economic Bill of Rights as the core of a transitional program; but a backward-looking Congress is more absorbed by the game of finding a scapegoat for the military Pearl Harbor of 1941 than by preparations to avoid the economic Pearl Harbor which threatens to overwhelm us after the much-heralded replacement boom peters out.

It took planning to win the war—planning both on the fighting and production fronts—and it required active government controls and guidance, for no single class or group within society is capable of seeing the economy whole and of harmonizing special interests from the perspective of that total view. Both planning and government action will be equally essential in peace if we are to attain full production, employment and consumption, yet conservatives are aggressively cultivating the notion that we can ride to prosperity on the magic carpet of war savings, pent-up demand, and optimistic CED prophecy.

We must have national goals in peace as in war, and national policies to enable us to attain them. What goal is more desirable than learning to live with abundance, than fashioning a society in which man can reach his full human stature through wise and unstinted use of labor, machines, and technology? What national incentive can be more compelling than that of mobilizing for the creative tasks of peace those talents and energies

which produced the B-29 and the atomic bomb? If the prospect of plenty fails to excite us, it is to be hoped that at least we shall be moved by the realization that another depression with prolonged mass unemployment will almost certainly write finis to our democratic institutions.

If the experience of the Harding-Coolidge-Hoover era and its aftermath teaches us that we cannot afford to gamble on an uncontrolled boom, and if the vitality of the war economy has amply demonstrated the necessity of government participation in the formulation of goals and the maintenance of demand, what must we do during this transitional period in order to assure the highest possible peacetime level of sustained production and consumption?

Given the will to act, our primary objective must be to establish administrative machinery to implement that will, and here again our war experience offers certain clues. We need a Peace Production Board; our mobilization for the peacetime offensive against the domestic enemies of scarcity, poverty, unemployment, and economic stagnation must be as deliberate and thoroughgoing as was our marshalling of forces for the defeat of the Axis nations.

Moreover, we can improve on the wartime model; the WPB of Mr. Nelson was merely one of several semi-independent and poorly co-ordinated agencies. Its personnel was drawn almost entirely from the ranks of industrial management, and it was, consequently, unduly responsive to big business pressures. Our PPB must be an economic high command, empowered to direct the over-all transitional strategy and to co-ordinate the activities and define the jurisdictions of subordinate agencies. It must, in addition, be truly representative of the dominant functional groups of society; this means that labor, farmers, and consumers as well as government and management must participate fully at the policy-making level.

As an integral part of the PPB mechanism, there would be established industrial councils on the industry, area, community, and plant levels. This network of councils would serve both to apply the policies of the PPB and to provide a healthy check on any tendency toward over-centralization. Ideas and directives would not only emanate from the top; through the council machinery, also genuinely representative of labor, farmers, management, and consumers, a process of cross-fertilization would occur, planning would be kept down to earth, and the highest

reaches of the bureaucracy would be constantly stimulated by two-way contact with the grass roots.

Another tested device of the modern democratic state is the public corporation; the TVA is the most notable example in this country. An extension of the TVA principle is one of democracy's soundest answers to the challenge of undertaking broad tasks of national development and reconstruction while guarding basic liberties from the encroachment of arbitrary state or private corporate power.

A Peace Production Board, industrial councils, more TVA's; these are the chief administrative tools we shall need. We can put them to work immediately in solving a problem which lies at the heart of our dilemma, and which involves all the economic troubles which beset us now or will plague us in the years ahead: the problem of using the vast industrial empire of government-built war plants in the achievement of peacetime abundance.

The promise of abundance has always been the stock-in-trade of political dreamers and mountebanks. But today material abundance is a technical possibility; this is perhaps the central fact of a revolutionary age. It has been brought home to every man by the splitting of the atom and the release of the elemental forces of the universe. Our task now is to have the courage to abandon old habits, however comfortable they may be to vested interests, and to create new institutional arrangements capable of harnessing the new-found powers for the general welfare.

The immediate test of our readiness to embark boldly on this enterprise lies in the question of utilizing publicly-owned war facilities for civilian production. We cannot shirk the responsibility of making a fundamental and far-reaching decision here, for even the failure to decide constitutes a fateful choice: the choice to leave these plants standing idle, as rotting monuments to a nation's fear of abundance. The decisions not to do anything about the Willow Runs of World War II means a vote has been cast for scarcity, for monopoly, for high prices, for limited production, for another boom, another bust, another depression—and World War III.

But the vast majority of these plants need not be left idle. Under a program offering scope both to public and to truly free private enterprise, they can be used in a frontal attack upon sectors of our economy which have not kept pace with advancing technology and where outmoded

methods and restrictive practices will continue to obstruct the realization of full employment and production unless aggressive government action breaks the deadlock.

Government-owned facilities are concentrated in the heavy and basic industries, and in the field of the crucial light metals. Public enterprise has build and now controls:

10 per cent of the nation's steel capacity
50 per cent of the nation's capacity to build machine tools
70 per cent of the nation's aluminum capacity
90 per cent of facilities for producing synthetic rubber
90 per cent of aircraft production facilities
90 per cent of shipbuilding and repair facilities
96 per cent of the nation's magnesium capacity.

It is important to underscore the feasibility of converting most of these facilities to peacetime uses. When, in 1940, labor called for conversion of the automotive industry to war production, management spokesmen, alarmed at the prospect of having to abandon profitable peacetime pursuits, raised the cry of impracticality. Yet three years later, in testimony before the Truman Committee of the United States Senate, Mr. K. T. Keller, President of the Chrysler Corporation, admitted that "around 89 per cent" of Chrysler's machines had been converted to war production —and could be converted back to civilian production. Chrysler was no exception. The shift can be made again, but again opposition will arise from those who regard the ultra-modern, splendidly-equipped and strategically located war plants as a threat to profitable habits in a scarcity economy.

I have proposed, on behalf of the Willow Run workers who went down with their plant when Henry Ford II compared it to a battleship and pronounced it a war casualty, that Willow Run and similar war plants be operated under a comprehensive government-sponsored program for the manufacture and distribution of low-cost housing and modern railroad rolling stock.

President Truman, besides reiterating his predecessor's assertion of the "right of every family to a decent home," has declared, "A decent standard of housing for all is one of the irreducible obligations of modern civilization. The housing challenge is now squarely before us. . . . We

must begin to meet that challenge at once." The presidential message made it clear that the challenge could not be met by private builders alone.

The archaic building industry has seen no profit in the vast potential market in homes for low-income families, nor are private builders capable of executing those far-ranging plans of city development and rural reconstruction which are imperative if the American people are to secure that national minimum to which they are entitled in shelter as surely as in health and education. The war-inflated aircraft industry has collapsed, and the giant airframe plants now stand idle. If we are determined to be as aggressive and ingenious in building homes as we have been in bombing them to rubble, these "war casualties," abandoned by private management, should be pressed into action immediately in a far-flung program for the production of prefabricated housing.

A Peace Production Board, assisted by the industrial councils, should make a survey of government-owned war plants, to determine the extent to which they are adaptable to this program. Here are the types of plants which are obviously suitable for the manufacture of complete housing units, including all fixtures, bathroom, kitchen, garbage disposal and air conditioning units, electric dish washers and other appliances. The chief fabricating and assembly units would be the government-built airframe plants such as Willow Run. Government-owned plants in the aircraft engine, electrical equipment, foundry, and light metal industries and various miscellaneous facilities would be organized as feeder plants for the manufacture of plumbing, electrical equipment, and special units.

After the PPB had determined what facilities are convertible, a public housing authority similar to the TVA would be set up and, under its jurisdiction, the plants would be placed in operation either through lease to private management, lease to workers' producer co-operatives, or directly by the Authority. In all cases, plants would operate within the framework of the total program and would conform to recognized standards of wages and working conditions.

A Technical Commission in the employ of the Authority, as engineers are employed by the TVA, would assure the lowest possible construction cost by use of the most advanced methods and best materials. The Authority would work closely on the community level with local housing authorities and with co-operatives, in the interests of well-planned city development, effective use of available land, and discouragement of illegal

use of slum properties in violation of unenforced health and building codes.

Such a program would break the log jam of inertia and restrictive practices which has made good housing a luxury and home ownership a gamble or an impossibility for most American families. Government-sponsored, it would prove not a threat but a boon to private initiative in the construction field; under such a decentralized arrangement, the opening up of such a vast new market would stimulate building and allied enterprise in every community.

A similar program is both possible and sorely needed in another field: the railroad industry. Public regulation of the railroads has been inadequate; the national interest in more efficient and less costly transport has been subordinated to the pecuniary interests of a minority of investors. There has been little incentive to introduce lighter, more modern equipment; there has been little consciousness of the payload, as important in freight car as in air transport. As a result, the whole economy has been penalized by the necessity of paying high rates for the purpose of protecting unadventurous dollars.

After a preliminary survey by the PPB, a Railroad Equipment Authority could place adaptable government-built war plants in operation for the mass-production of modern, lightweight, streamlined rolling stock. Airframe and aircraft engine plants, aluminum and magnesium plants, tank plants, plants which have been producing heavy artillery guns and shells, electrical equipment plants, roller and ball bearing facilities, the forge and foundry industry—all these are suitable for such a program.

This is a coming field for the light metals. Dr. Dow of Dow Chemical, prewar monopolist of the magnesium industry, testified before a Senate committee that 85 per cent of the war-swollen magnesium production capacity of 600 million pounds is already idle. Dr. Dow regarded it as "unthinkable" that the government should continue to own and operate these facilities; he and other cost-conscious managers are apparently indifferent to the fact that the people of the United States are losing millions of dollars in potential goods and services every day these plants are idle. The initial cost of launching a railroad equipment program under a public corporation would be negligible in comparison with the losses we are incurring constantly through failure to utilize these enormous facilities.

From the international, as from the domestic, viewpoint, such a program would prove of immeasurable value. World political agreements will rest on sand, if war-weary nations plunge into economic chaos or stagnate for lack of the assistance which the world's greatest power has both a moral obligation and a practical motive to provide. If we are to expand our export trade on a stable basis, we must encourage the development of backward and war-ravaged economies. Europe alone is reported to lack over 1,000,000 railway cars. The vast reaches of China represent a huge untapped market for the products of American assembly lines—if China can obtain the transport for developing those areas. As we retired rolling stock which was obsolete in terms of our advanced technology, it could quickly be made available under lend-lease agreements to countries where it would be economically efficient. The railroad equipment program would thus not only give a lift to our domestic economy by making possible a drastic scaling down of transportation costs; we could help to deliver extensive regions of the earth from economic peonage and, from the point of view of intelligent self-interest, create customers where none had been before.

The recommendations here advanced obviously do not constitute either a blueprint for the good society or a comprehensive program for remedying all the weaknesses of our economy. They do not pretend to be even a complete guide to the peacetime utilization of the government-owned war plants. They are intended, rather, to underscore the importance of making—now—fundamental decisions regarding the disposition of these facilities, decisions which will be fraught with grave consequences for the future of our way of life.

We cannot dodge the issue by wrapping the plants up in a bundle marked "surplus property," by haggling for months over their value, and by finally knocking them down for a few cents on the dollar to private management, without seeking commitments as to production and employment. That is merely an elaborate technique for evading the choice which must be made: Are we going back, as Dr. Dow and others would have us, to monopoly and scarcity, to exorbitant profits on limited production, to high prices and a "normal float of unemployed"? Or are we going forward to the economy of abundance, to full utilization of the potentialities of men and machines, to profits based on capacity operations, constant technical innovation and low unit cost, with the benefits of technological

progress equitably distributed in the form of higher wages, lower prices, and more leisure? Do we intend to drift blindly into an economic Pearl Harbor, or are we determined to advance boldly into an era of plenty for the common man?

We cannot camouflage that choice as one between statism and free enterprise. Government will continue to play an active role in the economic life of the nation. Our alternatives are either using the resources of government democratically to foster a more abundant life for all of the people, or surrendering government to the same forces which already dominate monopolistic industry. In the latter case, we shall get neither freer enterprise nor less governmental "interference" but a more arrogant and oppressive mobilization of corporate power, using government against, not for, the people. The popular word is fascism.

Once we have decided that our direction is forward, we shall have to proceed on many fronts. Full use of physical plant involves a reconsideration of the wage-price-profit relationship which does not fall within the province of this article. I have indicated that prices must be held or lowered, that wages must rise as unit costs are reduced through capacity operation for an expanding market. The important fact to remember is that we shall have to raise our sights. Director of Economic Stabilization Davis threw the NAM into a panic by suggesting that America should aim at a 50 per cent rise in real wages over the next five years. This is naturally a frightening prospect to "practical" employers whose outlook is circumscribed by the old boundaries of scarcity. It does not occur to them that the 50 per cent rise in living standards can come from a 50 per cent increase in the national output, made possible by full utilization of our war-expanded physical plant and by an all-out assault upon monopoly, for the purpose of making free enterprise both more free and more enterprising.

We need not, in short, adopt the futile course of attempting, in some ingenious fashion, to carve up a pie which is too small for our purposes. We need not attempt to provide jobs for veterans at the expense of their brothers or fathers or labor in general; we need not seek to assure jobs for white workers at the expense of Negroes, or for fourth-generation Americans at the expense of the foreign-born, or for men at the expense of women. Our objective must be a bigger pie; its equitable distribution may still be a problem, but it will prove much less difficult, and much less

of a strain upon the good table manners of the National Association of Manufacturers.

America must choose; an America which has political democracy but not economic democracy is still only half free. And the old dictum about a house divided holds today as it did in Lincoln's time. I am confident that we shall make the right choice before it is too late. The stakes are as high in peace as they were in war, and the effort as worthy of our talents.

MARRIED WOMEN WORKERS IN THE WAR

By NORMA BIXLER

WE HAVE MOVED AWAY from the day when war industries were like a giant mouth, insatiable in their hunger for more and more labor. Today we are in the midst of cutbacks, of reconversion, even of unemployment in certain areas. After five years of spectacular growth in the number of women employed in America, we have finished a chapter and with its completion, can begin to see it whole and make some effort to evaluate it.

Even the most casual study of the facts brings the realization that the war did not create the problem of women's employment, not even of married women's or of mothers' employment. In 1940 when the number of women employed was something over 12,000,000, almost 32 per cent were married and another 20 per cent had been married. Around 2,000,000, or more than 16 per cent of that total female labor force, were mothers of children not yet adults. But if the war did not create the problem, it certainly accelerated and highlighted that problem so that the nation became conscious of it as never before.

The story of women's participation in the war labor pool of the nation has not been overwritten. Indeed, now that the chapter has been finished, one of its most astonishing features is that the layman never sensed the desperate need for women's labor. The layman knew that labor was needed, of course, but he seldom sensed how close we came to the bottom of the labor barrel; for some time there had been little to dig out of it but women and more women, and if the two-front war had continued another year, we would probably have come to realize that we were down to housewives and mothers, for not much else was left down there at the bottom of the barrel in any large quantities. In the winter of 1943, one in every three women was a wage-earner. The female labor force had grown from something over 12,000,000 in 1940 to over 17,000,000. Authorities expected over 18,0000,000 to be employed by July, 1944. The women

in the Women's Bureau, more sharply conscious than the men of what this laboring force carried as an extra burden, felt that the recruitment of that last half million was going to be tougher than that of any of the previous millions. We were so far down in the barrel that it didn't seem as if we could make it without much more planning for the other half of these women's lives, these women who were mostly housewives and mothers. Unbelievably, in July, 1944, when the peak of women's employment was reached, there were 18,590,000 women in the labor force, according to the Women's Bureau. The significance can only be understood when we know that there are but 34,000,000 women in America between the ages of 18 and 49, the usual employable ages. But the layman didn't know this and was talking mostly in terms of juvenile delinquency and the shocking fact that mothers were not in their homes where they belonged.

Since the average man or woman never sensed the fundamental need, it is perhaps not so astonishing a feature that the country at large feels no sense of gratitude or debt to its woman labor force. Unions and some industrialists readily praise the quality of women's work. We have become accustomed to the idea that they did a better job as workmen than we might have expected of them. But it is not a part of the emotional knowledge of the nation that women were half the country's labor force, that ships and planes and munitions in a war of survival would not have been where they were needed if women, many of them wives and mothers, had not shared in the manufacture of those ships and planes and munitions.

* * *

Industrialists and unions in many ways did a terrific job of adjusting to the woman worker. It wasn't a perfect job but it was a good enough job to be pretty terrific. Old prejudices had to be trampled on quite ruthlessly and shop stewards, foremen, and superintendents who started out trying to control their prejudice found that some of their prejudice evaporated. Industrialists called upon their ingenuity and skill to break jobs down so that women could perform them, even though women's strength was less than men's. They succeeded so well they sometimes startled even themselves, for the zones of labor which had been limited to man because of his superior strength shrank tremendously. Men themselves returning to their jobs will reap the benefit in less weariness, in greater ease of labor.

But outside the shop, society itself bungled the situation, and the women workers and their families as well as industry were the ones who paid for it. No one knows quite how many of these women workers were married or had children. That kind of information shows up completely only in each ten years' census. But we know how many there were before the precipitous climb in women's employment began. We know from experience if not from statistics that there were many in those new millions. At one point, for instance, child-care committees in Detroit asked the unions if it would be possible to arrange that all mothers stay on the day shifts only. The unions said it wasn't possible, that there were so many mothers in the plants, working conditions would be disrupted by such a plan, especially in those industries employing up to 85 per cent women.

These women were working not the prewar 40-hour week, but 48 hours and in many cases 54 hours. Their money might buy many things but for household services it was so much waste paper, because the war had brought among other things a complete breakdown in household services even on the prewar scale. Laundries did not accept new customers, or if they did laundry might be gone for two or three weeks. Grocery stores were forced to stop deliveries. To look for household help was of no more use than to look for gold in the middle of Woodward Avenue. For most working women, there was no choice but to assume all household tasks in addition to their long work week.

A few palliatives were tried. Here and there a union attempted to change the hours of grocery stores for war workers, tried to solve housing problems. Here and there a few industries arranged for pre-cooked food which could be purchased by the worker. But even there society stepped in to frown upon the idea. The pattern was that a proper housewife did her own cooking whatever else she did. It is not astonishing that in some working areas, employers were disturbed by a rapid labor turnover and high absenteeism. It is, rather, a matter of tribute to women's courage and stamina that the figures for both were not higher.

Only in the matter of child care did the country officially make any successful effort to solve the working mother's problem. The Lanham Act was many a mother's lifebelt. Lanham nursery schools mushroomed up all over the country; staffs could not be trained quickly enough to meet the high professional standards of a prewar day, but somehow staffs

were found and given some training; somehow buildings in already crowded areas were discovered to be turned into nursery schools. Much more spottily, schools were opened before and after regular school hours for older children. The work of school extension services was good but there was not enough; sometimes its over-all effect was nullified by schools which couldn't even take in all the children for a full school day but had to operate on shifts.

On the whole, however, the country never knew it needed any of these wives and mothers for war work, never really tackled the job of making it possible for the women to do a creditable job both inside and outside the plant, left most of the problems up to the women aided by some unions and employers. Other countries did better than we did. Russia, of course, had already geared its social patterns to the employment of wives and mothers. But England had not and yet England managed better, if only with its British Restaurants, its great extension of part-time work integrated by government plans into the total employment picture. We were content to upbraid mothers for working, ignoring both the need of the war for their services and the need of many of the mothers for the wages the job offered, with their men gone to war. So we bungled it, never keeping steadily in industry the women we might have kept, never getting the best out of those who were there because of weariness some of which was avoidable, never managing so that the mother's off hours might be used for the genuine nurture of her children rather than for more wearying work which left her still more tired and impatient with her children, and then leaving her to take the rap for the difficulties which her situation created. Whatever her reason for working, society needed her services. Society never acknowledged that responsibility.

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As for long-range effect on the employment of women, probably one of the most important aspects of wartime employment was the shifting of the spotlight from the few to the many. Before the war, when we thought of women working in permanent terms — through marriage, through motherhood — we thought of career women, of professional women. All the others were either young things who worked until marriage in a not-too-serious fashion, or older women who did not marry and so must keep on working for self-support. But most women married,

of course, so the problem of women's employment was never too serious a one, except for the handful of career women. The picture wasn't accurate. The census figures could have told us that but census figures are not popular reading. But even the census figures would not have told us that the increase since 1900 has been most marked in the married women who are working; in three decades that followed the turn of the century, the number of married women working in factories and homes doubled. America didn't really wake up to this trend among its women until after the new millions had gone into war work, and the pollsters began asking them if they wanted to give up their jobs and go home after the war was over. It was a great shock to America to discover that many of them didn't want to, didn't intend to if they could help it.

All the 18,000,000 employed women did not work in war industries or in industry at all. Of those who did, it is difficult to estimate accurately the number who are union members because neither the American Federation of Labor nor the Congress of Industrial Organizations keep records of membership in its national headquarters by sex. But the Women's Bureau of the Department of Labor late in April, 1945, held a conference with representatives from the 23 labor unions having the largest percentage of women members, and estimated that the women labor leaders represented about three million women.

Here, according to the Women's Bureau, is a brief resumé of the chief membership:

> The International Ladies' Garment Workers (AFL) is estimated to have the highest proportion of women, or three-fourths of its membership. Though the United Automobile, Aircraft, and Agricultural Implement Workers (CIO) estimates women to constitute not quite a third of its whole membership, the women total about 350,000, a larger number than in any other union. The next largest number of women was reported for the United Electrical, Radio and Machine Workers (CIO), in which the 280,000 women are 40 per cent of the total membership.
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> Important in the line-up of the estimated proportions of women are: United Textile Workers (AFL) with over three-fifths of its membership women; Amalgamated Clothing Workers (CIO) and Food and Tobacco Workers (CIO) each with women forming about half; followed by the Bakery and Confectionery Workers (AFL) and the National Federation of Telephone Workers with the proportion of women falling between 44 and 49 per cent; the Textile Workers Union (CIO) (including hosiery) with women constituting around two-fifths.

Industrial work and union membership was new to many of these women, especially in the United Automobile Workers and the United Electrical Workers, and women in anything like their present proportions were just as new to these unions. The joining of these two, the new women and the unions, was not a honeymoon of unadulterated joy. It wasn't that women balked at joining the unions but that they didn't become good trade unionists overnight. Union leaders felt often that women didn't give the union credit for the high wage standard and other benefits they were enjoying. They were there when the women entered the plant, and the women took them for granted. Women didn't always buckle down to working for the union. As one union organizer said, the youngest were too giddy, the middle-aged were too busy with their homes and children, and it was the women past 40 who turned out to be the hard-working, comprehending union members. As for the women themselves, their needs were different in some ways from those of the men members, both in respect to working conditions and conditions outside the plant. They were used to figuring things out by themselves, not in an organization, and it took them a while to discover that the union could be of aid to them in the problems that were peculiar to women workers.

Yet in the final analysis, this experience for both the unions and the women is of inestimable importance in the women's working future. The unions will not soon forget the pattern of action which made them look on the women as members for whom they have considerable responsibility outside of working hours; they will remember the experience of helping to organize nursery schools the country over, of trying to solve, even without success, some of their women members' housekeeping problems. Unions realized more swiftly than the country at large that this phenomenon was probably not a passing one. They knew, as some industrialists knew, that woman's dexterity had won her a permanent place in a wide variety of industries just as man's strength had won him his place. One commentator listed these industries as the electrical industry, manufacture of dental and surgical instruments, plastic materials, small parts for automobiles and aircraft. So unions, not all but many, tackled some of the in-shop problems that were peculiarly women's.

First of these was equal pay for equal work, that perennial thorn in the flesh. In the last war, the government had spoken brave but not mandatory words about equal pay for equal work. But in a quarter of a century,

the unions had realized that a lower wage scale for some workers meant a lower wage scale for all, that if women were not paid equally for men's jobs, men would have a hard time resuming standards after the war. The NLRB, moreover, had more power than the previous War Labor Board. So "equal pay for equal work" began to be written into contracts. By the time VE-Day came, five states had passed such laws—Michigan, Illinois, Montana, Washington, and New York. There were still ways to get around it of course, and upgrading might still have a sex angle. But a gain had been made.

Unions knew, too, before the general public did, that many women intended to go on working after marriage and motherhood, as indeed many women always had. One of the most revolutionary clauses (for America) in a union contract began to be written, maternal leaves without loss of jobs or seniority. The total number of locals who hold such contracts cannot be estimated but they can be found in increasing quantities in the rubber and textile industries, and for electrical and automobile workers.

Unions still affect a comparatively small number of the total women workers much as they affect a minority, proportionately somewhat larger, among the total male labor force of the nation. But the union woman has achieved the spotlight, the union woman will be the symbol of the employed woman, the career woman if you please, in the postwar world rather than the professional woman. What happens to her, the gains she has made and will make, are of great importance to the total problem of women's employment for several reasons. It is highly probable that all women in industry will not stay there, even if they remain employed. The two other biggest fields for women's employment will probably be that of office workers and of service, especially domestic service. Both areas are beginning to be organized by unions. Women who return to those fields or enter them for the first time from the more dynamic industrial unions will certainly carry with them the trade-union concepts they have learned, however inadequately. Standards set by unions in the industrial field are bound to splash over into the other fields. Already one-fourth of the locals of the American Newspaper Guild have maternal leave clauses in their contracts, as have a few locals of the Office and Professional Workers' Union. Moreover, union organizers have always known that employment standards set by unions have a habit of creeping in among the unorganized. The Waitress' Union learned that long ago, for instance, and some of the

rise in employment standards among waitresses came not only from union organization but from the threat of union organization.

So the spotlight has passed from the few to the many in the public concept of the story of women's employment, because of the war, and the problem will remain a much more lively problem on the agenda of the nation than it would have been had it continued to concern, in the public mind, only those stray women doctors or lawyers or accountants who wanted to continue at their professions in spite of marital duties.

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The whole problem blew over after the last war. Indeed, the last war had little effect on women's employment except as preparation of a seedbed. The greatest gain for women was probably the establishment of the Women's Bureau in 1920. There was a great deal of talk about the work that women did then. But in the long run, the statisticians like John D. Durand, of the Bureau of Census, Department of Labor, found that the number of women employed in the following decades was just what it would have been if there had been no war at all. Women's employment had been steadily on the increase. The war neither retarded nor accelerated the graph-line which the statisticians drew on the basis of other trends.

The reasons are probably best explained by Frederick G. Crawford, former president of the National Association of Manufacturers. "Only a negligible few took over the actual benches of industry," he wrote.

> Only that negligible few became trained in men's skills in industry. The majority of these were glad to go home when the war was over. They were not well paid, and working conditions were far from attractive. The ones who remained were too small a handful to be in the way of the returning AEF.
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> Two million women did come out of the home and establish a place for themselves as breadwinners in that former war period but that place was in the less-skilled and most normally feminine brackets of the labor market. They staked their claims only on the market's periphery. Womanpower offered very little challenge to manpower. The absorption of postwar workers into peacetime business and industry represented so slight a problem that it resolved itself.

The picture of this wartime experience bears little resemblance to that former picture. Besides the features already sketched there is another one not to be overlooked, the attitude of the industrialists themselves. There are not only those who have discovered that women do a good job in the plants. There are a handful of whom Henry J. Kaiser is perhaps

the best example, who are not even perturbed by the picture of mothers as a permanent part of the employment pool. It was Kaiser who said in 1943 that "every individual should be free to choose the thing he does in life—at least in peacetime. And women as well as men should have this freedom. Women in industry will be given time off to have children. And they will be broader, wiser mothers because they will be expressing themselves more fully and having contact with the world." So far Mr. Kaiser is backing his words. One of the nursery schools, with capacity for 250 children, is being continued at his company's shipyards this year though there is no longer a shortage of labor in the area.

So, as near as we are to the closing of the chapter, we can count some permanent employment gains for women out of their wartime contribution. They are, to recapitulate:

1. Equal pay for equal work, rather completely as a theory, more and more as a fact.

2. Maternal leaves without loss of jobs or seniority.

3. Child-care programs. As a nation, we haven't known before how many mothers were working, we haven't given a functional thought to the children during their mothers' working hours. But the minimum standards of such child care have been publicized now, registered in the public consciousness, so that a slip below those standards in postwar days will seem like a backsliding.

4. The attitude toward the employment of women by many unions and some employers. For the first time, a group of leaders are thinking of employment outside the home as reputable for women, even if those women are married and have children. Women have taken a forward step toward the right to a job if they want a job, without regard to marital status.

* * *

Visitors to Berlin in the late years of World War I commented on the complete dominance of the public life of the city by women. They were streetcar drivers, taxi drivers, clerks in stores. Bank staffs were completely feminine except for the few elderly men hovering in the background. The chemical laboratories which tested the drugs for the front were filled with young feminine scientists. It was as unnatural as a complete lack of women in all those jobs would have been.

A competent observer would have felt safe in prophecying that in Germany's postwar days, Berlin would accustom herself to some of those women remaining in some of those jobs. Yet in a handful of years, women in Germany were degraded to the bleak, breeding status which they have occupied under the Nazis.

I am not suggesting that the social atmosphere of America can so change that American women will be so degraded. But the prejudice and misunderstanding in some parts of the country's emotional atmosphere toward working women, especially working mothers, certainly does suggest that the postwar pattern need not follow the wartime outline.

At one point Southern congressmen planned to use the working woman as a weapon to defeat the Fair Employment Practices Bill. Their decision was that if the bill seemed about to receive House approval, they would move to amend it to ban any discrimination in employment on account of sex. They felt sure the House would never pass a bill prohibiting discrimination between men and women workers.

In 1944 while the nation was still in desperate need of workers and more women were being urged into war industries, one senator proposed that a postwar federal statute outlaw employment for married women unless jobs should be left over after all men and single women were employed.

First draft of the Full Employment Bill promises that "all Americans able to work and seeking work have the right to useful, remunerative, regular, full-time employment. . . ." The bill then goes on to define "all Americans" as "all Americans who have finished their schooling and who do not have full-time housekeeping responsibilities." The latter phrase is not defined. More dangerous than the lack of inclusion of the married woman in the bill is the possibility that in the bill's enforcement she might be deprived of her job.

Perhaps the time has come in our history when the woman worker will be accepted as an equal in law and theory, if not always in fact, as long as she has no husband capable of supporting her, while the married woman will be expected to pass the means test. There was a time in England in the 1880's, when suffrage for women was being debated, that a bill was suggested which would give the vote to "widows and spinsters" only. There have been plenty of times, many of them as late as 1941,

when employment in certain offices or factories or under certain school boards was limited to widows and spinsters only.

Shake the pieces of the kaleidoscope this way and the pattern says that women, but especially married women, after the war will go back to being the labor reservoir of the nation, not an accepted part of the labor pool.

Even more certain than any trend is our knowledge that working women, like other minorities, will be the first to lose their employment gains if America is too tragically inept to avoid a postwar depression. Indeed, the trend itself is partly rooted in a depression-haunt. But if there is such a depression, the resulting chaos will be so complete that what happens to members of a minority as a minority will be drowned out by what happens to them as members of the whole.

But trends of history, like statistics, can be made to prove that almost anything is going to happen. All that is necessary is to select the right trends. When the future finally begins to catch up with us, we may be irked to discover that the new present is going to include not only our own pet trends but contrary ones as well. For a crystal ball, the older record is sometimes a healthier study than the shadows the trends cast on the future. In the long view, women in America have moved erratically but steadily toward larger freedom and larger responsibility. The closing of the first Boston high school for girls was a trend of the moment but it was not definitive. The first votes on women's suffrage in Congress were not prophetic. From the record, the assumption is that women's economic freedom and women's employment will also expand, two steps forward and one step back, until a final acceptance is no longer a trend but a part of the record.

Suppose we grant this presumption. Many people will not, of course, but suppose for the sake of the argument we do. Ought we to do anything about it? We can slow the trend, even if we cannot halt it, by putting road blocks in its way. We can ignore it either because we do not like the idea, or because we don't care much one way or the other. Or we can make a definite effort to synthesize the two diverse elements in women's lives of job and home so that the women to whom this diversity has become a sharp, personal problem need not, each of them individually, use a trial and error method for solution, repeating, each of them, individually, costly mistakes. But ought we, and what will happen if we do?

What will happen to the woman herself? What kind of person will she become?

It was possible for women to go to school and to the polls with astonishingly little upheaval, when society finally granted them these rights. Neither the wonders of the believers, nor the evils of the opponents came to pass, somehow. But women have grown in stature under the new pattern, they have accepted larger responsibilities, they are more ready for the tremendous tasks of tomorrow than they would have been otherwise.

Likewise, when a woman takes on a job for wages, she does not become a different person. The scientists tell us that the only difference between men and women at their creation is the difference in sex genes. Working for wages has not turned all men into sages. Working for wages will hardly fill all women with wisdom. But we are concerned here with the woman who wants to work, who is unsatisfied with housework as a profession. There is nothing more strange or more ignoble about this than it is strange or ignoble for a man not to like farming. (Not too long ago most men were farmers too.) To free her from the job she doesn't like to find the job she does like will give her a stature and a usefulness in all her roles that she does not have now as she spends her energy in laboring to adjust and conform. It will save for society and herself a productive life in the decades after her children are grown, because a woman who does not like the profession of housekeeping finds all point to it gone when her children are grown. The imperative needs of her husband and herself are not enough to fill a working week unless she makes the additions in which many women find creative satisfaction but which bring her little such satisfaction.

There can be no promise that she will find in her new partnership, new wits and will for the new pioneering days. But clearly if she moves out of the protected environment of her home into the outside world, if she is accepted as an equal participant beside her husband, if full-fledged responsibility is expected of her in return for full-fledged freedom, there is more possibility that she will act like an equal, assume a free equal's responsibility.

By her action she will, too, affect the social pattern for all women, and participation of all women (even of those who are not employed)

will be speeded up by this new freedom as it has been speeded up by each new freedom of the past. To raise up sane and sturdy children is not enough; women have been doing that for generations. Women will not save the world; but men alone cannot solve the problems of this tremendous century if they must drag women along like a deadweight. The problems are too big to afford any such handicap. The mind and heart and will of every man and woman will not be too much force to focus on the world's need for dynamic peace and security. Any new freedom which stimulates women to assume their proper partnership is a freedom worth the struggle not only to women but to the century in which they live.

PEOPLE ARE JUST AS DUMB AS ANYBODY

By T. SWANN HARDING

WE WERE IDLY CONVERSING. Talk had naturally drifted around to our great, blundering governmental bureaucracies, and to their antics. It appeared that they were very stupid. They misjudged the intelligence of the American public. They gave it inaccurate information. They exuded silly paternalistic advice.

Just then some masterful individual turned off the radio. Like most groups of Americans this one had been unconscious that the radio was even on. Some looked up a moment in a daze, wondering what stream of soporific sound had vanished and what on earth could have induced anyone to extinguish it. The benevolent soul who had produced this sudden, almost agonized silence, felt that some excuse was in order. He let up on government bureaucracy and said:

"Those commercials make me sick and tired. They are dumb. They are alienating public opinion and creating ill will. First a guy plugs a brand of creamed spinach soup, and you just can't get any canned soup in the groceries. Then a guy plugs a particular brand of cigarettes and tells you to ask for it by name, and you can't get any brand of cigarettes these days by asking that way. Now this imbecile starts telling how the great American meat industry is working to put meat on all our tables, and anybody knows you just can't get any meat. Why do these big commercial concerns insist on insulting our intelligence that way?"

Well, you see what I mean? Misjudging public opinion is by no means the prerogative of governmental bureaucracy. The great bureaucracies which make and distribute canned foods, cigarettes, and meat can err just as widely. There may be something about governmental bureaucracies which especially encourages the development of certain adverse human traits, but their development can occur in private bureaucracies quite as well.

Indeed as long as huge organizations continue to be manned by human beings this sort of thing will crop up. People talk about abolishing

or curbing bureaucracy but most of them have no clear idea even of what a bureaucracy is, much less of the fact that the human beings who man the bureaucracies determine their character.

Most human beings rarely do what they are supposed to do or what they promise to do, the promise merely being a device to play for time. If finally they feel compelled to do something they exercise almost incredible ingenuity and resourcefulness in doing it wrong. That means that it has subsequently to be done over right by someone else somewhere.

It is an accumulation of this sort of thing which brings objectionable bureaucracy into flower. It is true that a man working for himself or for a small organization has to be more careful about doing things promptly and right the first time, because his incompetence is there more easily detected than in a large organization. In many large institutions these working deficiencies narrowly miss the achievement of respectability.

Every so often every worker in a big bureaucracy, whether a railroad, an insurance company, a department store, or a government department, has to ask some other worker, higher or lower in the hierarchy, to do something—to write a letter, check or prepare a report or a memorandum, get in touch with somebody else, set forth a policy, or validate an action. As usual these people first try to avoid doing what you ask them to do.

This often requires considerable exertion on their part, but they prefer that to the performance of duty, because they are human. Then they nearly always do the thing wrong so that it has to be done over again. This is the spread-work principle and we may need it when unemployment comes after peace breaks out. It doesn't spread the work far but it sure does spread it out.

But the initiating worker has trouble even before he gets along this far. He must either write, telephone, or visit his colleague. If he has a secretary he is under moral obligation to keep her busy. No more cumbersome and time-wasting method of doing this exists than to dictate a memorandum to her. This holds up two people throughout and a third can also be immobilized by telephone.

The secretary normally goes around in a perpetual daze. Her boss has first to fight his way through this soupy fog of mental molasses trying to tap her consciousness. As often as not he discovers too late that he tapped her subconscious and what ejects itself from her notebook and cascades out on typewriter paper shouldn't happen to a dog. But after

three or four trial heats she usually turns out something that would be mildly intelligible to a more genteel maniac.

The initiating worker can send the result along to someone else and produce no little confusion and perplexity right off the bat. By this time he scarcely dares request his secretary to do the thing really right because that might send her into a speechless trance. Then, since he can't use deaf-and-dumb language, he has lost contact with her entirely and her isolation can continue as long as Senator Wheeler's.

But perhaps the initiating worker is a straight-action boy. Maybe he has no secretary. Then he can just drop around to his colleague's office and slip in while *his* secretary is trying on a new trance. The man he wants to see is telephoning. He always is. So our man waits.

A strange etiquette is involved here which requires office workers to be polite to people who interrupt them by telephone. (Our man should, of course, have had sense enough to telephone too, but his mother dropped him on his head in a brandy snifter when he was a baby.) It is immaterial whether workers are polite to people who drop into their offices. They can get the brush-off.

It is not customary to toss them out the window, but anything short of that is permissible. But the victim must stop whatever he is doing, even if he is in personal communion with another visitor, and politely give ear whenever anyone at all phones in.

Of course the reason that bureaucratic workers can telephone so much is that they save so much time by not doing the things other people ask them to do. The same thing is true of housewives. Also bureaucratic workers, like plumbers, carpenters, painters, and the men who trim shrubs, promise to do anything you ask, freely and graciously, for that puts off the actual doing it for a few days or hours, as the case may be.

You can usually depend upon it, however, that your maid, your cook, or the man who landscapes the yard, will not keep his promises and that when he or she finally does the thing, it will be wrong. You can depend upon workers in bureaucracy in the same way. This is a well-defined rule of worker procedure.

Getting people to do the things they promised to do last month and should have done last week, or standing over them to see that they do the thing right the second time, takes up as large a proportion of the time of supervising bureaucrats as it does of housewives. If all workers in all

bureaucracies actually did the things they promise to do promptly and properly, the time and labor saving involved would throw millions out of jobs.

Consequently these people probably serve a sound economic purpose in fostering the distribution of income. Of course there are ways to circumvent this lethargic procedure, but few have the energy and discourtesy requisite to pursue them.

For instance, it really isn't worth while to write to a person who has faithfully promised you orally to do something, bringing the failure to his attention. For the incoming box on his desk is already so full of debris that you could grow soybeans in it with a little water. Besides he has long since lost the ability to tell a personal letter or memorandum from mimeographed matter.

If your missive arrives and is removed from the box it must remain on his desk an indeterminate period for aging and the development of flavor. It must acquire the odor of his office and the yellowed tinge of ancient parchment before he feels justified in examining it. This is the same procedure most people use with personal letters received at home.

When your colleague finally reads your memorandum, his inertia is often so great that he cannot bring himself to give it the check mark which would flag his secretary to dispatch the thing elsewhere. So it bogs down on his desk and adds emphasis to his worried "I'm swamped!" when somebody else asks him to do something. Householders use the hall closet that is never cleaned out for the same purpose.

The way to get the thing launched from your colleague's office is to go there when he is out and his secretary is minding other people's business. Then find the paper, check it, place it on top of the leafmold and rapidly disintegrating humus of his desk, and leave by the window.

A variation of this technique consists in getting into his office while he is there, then sitting by patting your foot until he takes action. That will make him sore but it's effective. Then you can trundle it to the next office and after repeating this procedure for the eleven others who must initial the thing, you have conquered. But they'll hate you for that. You'll become a marked man. They'll say you're inhuman—and you would be, too.

Moreover by that procedure you'll miss a lot of idle telephone conversation, your secretary will rouse from her trance in your absence and

file her fingernails in the cabinet with your overshoes, and your own production of letters, reports, memoranda, and telephone conversations will drop alarmingly. In short, you will have embarked on a career which could annihilate bureaucracy altogether.

So if people did what you asked them to do, and you did what they asked you to do, and it was all done right the first time, the entire structure of bureaucracy would vanish into thin mist. Institutions could see where they were headed and learn how to consider public opinion intelligently.

But you must see that this would also unravel the entire fabric of our civilization. Housewives long in the habit of sitting at the window watching the neighbors for two hours in order to get that done first, would be through their housework by 10 a.m. Plumbers and domestics would be working only half days. The unemployment problem would grow by leaps and bounds.

We just can't face any such catastrophe. We must think well what we say when we criticize or suggest the abolition of bureaucracy. That would be utter madness. I do hope you will be careful about this sort of thing from here on.

To annihilate the objectionable features of bureaucracy you must be prepared to annihilate a large percentage of the human race. It is as well to steel yourself to this now as later, if you believe in this reform.

Such is the natural history and ecology of bureaucracy.

WORLD SECURITY TODAY

By JAY FRANKLIN

On June 28, 1919, twenty-six years ago, the Allied and Associated Nations compelled Germany to sign the Treaty of Versailles. That Treaty, which contained many faults and entailed some serious injustice, was rendered acceptable to many liberals because it included the Covenant of the League of Nations.

As we all know, America refused to ratify the Treaty or to enter the League, for which this country has been criticized and even charged with a share in the responsibility for the failure of the League to preserve peace. Yet the more we examine the League the more doubtful it is that, even with American membership, it could have preserved the peace. That is because the Treaty and the League itself were built on at least three great fallacies. Because these fallacies later disrupted the League of Nations and opened the door to Axis aggression, it is important that we should take note of them and see how far the San Francisco Charter has dealt with them.

The first great fallacy was that the League based itself on the idea of absolute national sovereignty. This meant that any and all measures to revise the Covenant or to give effect to the pledge of lower trade barriers and military disarmament had to receive the unanimous backing of the States Members of the League. Any single nation, however small, could refuse to accept a League decision and thus action was stalled. The long-drawn League effort to disarm consumed fifteen years and ended in German rearmament. The effort to lower trade barriers was never seriously made. The League failed to impose sanctions against Japan, after the Manchurian Incident of 1931, and dared not impose sanctions on Italy during the Abyssinian war and, of course, did nothing about the Axis interference in Spain in 1936-39. The only collective action taken by the League was against Russia in 1940, on account of Finland.

This brings up the second fallacy on which the League was based: it was in large measure an anti-Russian alliance of the European states. Not only was Russia treated as a pariah at the time of the Versailles

Conference but one of the outstanding decisions of Versailles was to take over the German anti-Russian treaty terms of Brest-Litovsk and to create the so-called Cordon Sanitaire—sanitary quarantine—in Eastern Europe. This took the form of a belt of small nations stretching from the Baltic to the Black Sea, fencing off the Soviet Union from Europe—Finland, Estonia, Latvia, Lithuania, Poland, Rumania and Czechoslovakia as back stop. Most of these States included former Russian territories and their purpose was admittedly to restrain Russian power in the name of self-determination. Russia declined to enter the League until the rise of Hitler offered a hope that the League would modify its anti-Soviet character. Even so, as late as the spring of 1939, these Cordon Sanitaire nations were the chief obstacle to effective restraint of Hitler. Even so, as late as the spring of 1945, the Polish Underground received instructions from the London Poles to prepare for a British-Polish-German alliance against Russia.

The third great fallacy on which the League of Nations was built was the thoroughly sentimental notion that the smaller nations, just because they were small, were somehow better, wiser, and more peace-loving than big nations. This notion stemmed in part from the idea of Wilsonian self-determination and in part from the convenience of this fiction to certain great powers which proposed to use the smaller nations as puppets.

Incidentally, see how these three fallacies fitted together. The small nations were given absolute sovereignty and were used to ward off Russia and received the sentimental approval of the big powers.

Now the record did not support the theory that small nations are pure and good where the big nations are wicked and warlike. During that confused period when every little language got a country all its own, the small nations were the ones that made most of the trouble, while the big nations, with large and diversified interests, wished peace and quiet.

As early as the Versailles Conference of 1919, the prospect of a non-imperialistic peace in the Pacific was scuttled by Australia and New Zealand. This is gleefully recounted by Mr. Winston Churchill in his history of "The World Crisis." Poland and Czechoslovakia started to go to war over the coal-district of Teschen. Poland went in for a number of grabs and wars, including the conquest of Lithuanian Vilna. As late as the spring of 1939, Poland shared in the Nazi loot of Czechoslovakia.

Poland's record is not proof of the peace-loving character of smaller nations.

Farther to the South, Rumania, without provocation or warning, grabbed Russian Bessarabia and held it by force of arms for twenty years.

Czechoslovakia was long considered the most progressive and idealistic of the new small nations. Yet the Czechs twice threatened war on Hungary in time of peace and retained power themselves by suppressing the Slovaks. Only the other day, Czechoslovakia returned to Russia some of the loot of Versailles.

During the 1920's and early 1930's most if not all of these noble little nations were used by French bankers and French diplomacy as part of a system of alliances designed to hold down Germany. Much of the blame for the failure of the League to permit a peaceful readjustment to Republican Germany before Hitler can be traced directly to the little nations who would not or could not or were paid not to yield an inch.

Even the traditional northern neutrals—Sweden, Norway, Denmark, Holland and Belgium—contributed to the disaster. These countries are traditionally under British influence and their stupidity opened the gates to Hitler at Narvik, Copenhagen, Rotterdam, and the Albert Canal. The breakthrough at Sedan, the Fall of France, and the tragedy of Dunkirk were all prepared in the smug conviction of these little nations that Hitler would not touch them if they kept their fingers crossed. They rejected proposals to form an alliance for defense among themselves and they preferred to trust to their traditional neutrality rather than to the evidence of Hitler's plans and methods.

In passing, let me point out that in politics as in nature, stupidity is as great a crime as evil itself. And I'm not forgetting Pearl Harbor when I make that remark.

These, then, were the fallacies on which the League was based: (1) the concept of absolute national sovereignty which gave a veto power to every member of the League of Nations; (2) a deliberate organization of territories and policies which made the League an anti-Russian alliance; and (3) a romantic and unrealistic belief that a small nation was more peace-loving and worthy of consideration than a big nation.

What wrecked the League, politically, was that, as a result of these fallacies, France was left singlehanded as executor of a victory over Germany which she had not won. The contribution of Russia to the

defeat of Kaiserism was deliberately ignored; the United States wished no part of the European balance of power or of power-politics, and England was disposed to play Germany against France in the postwar period. After the panic of 1929, the bottom dropped out of the League and its impotence was obvious.

Now before we examine the degree to which the United Nations Charter has met the problems which wrecked the Covenant of the League of Nations, it might be worth pointing out that there is a sentimental notion floating around which may be fully as dangerous as the notion that the little nations are good and the big nations bad.

I refer, of course, to the idea of the "Little man"—the "little people" of England, say, or "small business" in the United States. Do not forget that Hitler himself was accepted as a perfect symbol of the "little man" in Germany—the small shopkeeper, the factory-hand. Do not forget that Mussolini, son of a blacksmith, was a symbol of the little people in Italy who were weary to death of politicians and grafters. Do not forget that England and America won this war under the leadership of big and aristocratic leaders: Winston Churchill and Franklin Roosevelt. Do not forget that the little man in America is the one who is responsible for lynchings, the one who joins the Ku Klux, the one who starts the anti-Negro riots. Do not forget that a small business is more apt to operate on a sweatshop basis than is a big business. I think we should always be on our guard against accepting the idea that any one type of man or any one kind of group or nation is, by definition, better than another. Certainly there is nothing in human history or in morals to suggest that size has anything to do with quality.

This apparent digression bears heavily on the form of world organization outlined by the San Francisco Charter. The Charter was, like the Covenant of the League, drafted by a group of victorious nations. It is not, however, as was the League, directly linked with a political peace treaty and cannot be judged on the basis of the settlement in Europe. Whatever the final terms decided for beaten Germany or for beaten Japan, the Charter stands independent of those terms. Its merits and demerits are its own. It is a framework for world security and world co-operation.

The first thing to be noted, however, is that the two great absentees at Geneva are charter members of the new world organization. The Soviet

Union and the United States have, together, made not only the decisive contribution to the defeat of the Axis but the decisive contribution to the Charter. Both of these formerly isolationist continental powers are now deeply and irrevocably committed to a program of preventing further aggression in Europe or the Far East. This means, among other things, that the relative influence of Great Britain is far less in the new world organization than it was in the League of Nations. For the first time in modern history, the British balance-of-power system has become obsolete.

The apparent modification of this situation, as a result of the Labor Party's victory in the British elections, brings England closer to the European form of socialism. Temporarily, it somewhat restores London to the middle position between capitalistic Washington and communist Moscow. The test, however, is whether victory has created a revolutionary change in British foreign policy, comparable to Soviet and American abandonment of isolation. Without such a change, the unalterable facts of British interest suggest that America, with its new atomic industry, and Russia, with its shift of interest to the Far East, will deal directly with each other and not through a British intermediary.

The obsolescence of the British balance-of-power system is probably the greatest single gain for a durable peace ever recorded. Do not forget that we once had a balance of power system in this country, under the Missouri Compromise. This meant that for every free state admitted to the Union, one slave state also had to be admitted. The end result of this limited application of the balance of power came in 1861-65, in the form of a great Civil War from whose effects we have not yet fully recovered—witness the Southern opposition to the FEPC.

In the case of European and world politics, the balance of power idea led to a series of destructive wars, of which the second World War, is, we hope, the last. With Soviet Russia and the United States both taking an active and responsible share in world organization, the balance of power is no longer subject to British policy and may no longer be expected to grind out its usual results in the form of crises and wars.

However, this is a generalization. Let us go back to the Charter and see how far it has been able to deal with the fallacies which destroyed the League of Nations.

In the first place, the World Charter has brought to an end the idea of absolute national sovereignty. According to the Charter, only

five nations enjoy complete sovereignty—America, Britain, China, France and Russia. Any one of these five nations can veto any action by the Security Organization. The other nations are subject to decisions by majorities, simple or compound majorities depending on the nature of the problem.

Much emotion at San Francisco was wasted over various aspects of this veto power and Foreign Minister Evatt of Australia achieved prominence as the champion of the small nations against the Big Five. But the fact remains that for all other nations, absolute sovereignty has come to an end, while the five that still retain complete national sovereignty are made publicly responsible. No longer will it be possible for a big power to use a small nation to pull its chestnuts out of the fire, since the small nation no longer has the power of veto.

Now why should the Big Five remain full sovereigns, when all others are giving up their old power? Here the answer is that neither Russia nor the United States would care to abandon isolation if they were to be subjected to the rule of many small nations. A better answer is that on these five nations depend the peace and security of the world. It is hard to imagine a war against America, Britain, or Russia which would not also become a world war. It is also hard to imagine another conquest of France or of China which would not also lead to a world struggle. France is faced with the problem of growing old gracefully—a process which in other empires has always led to wars. China is faced with the problem of coming of age internationally—a process which in other continents has always led to wars. The British Empire faces a long and difficult period of economic and political readjustment. Soviet Russia faces a long period of reconstruction in Europe and development in Asia. America, at the height of her political prestige and military power, faces the difficult task of converting victory into prosperity, and power into influence.[1]

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[1]The revolutionary effect of our headstart in the utilization of atomic energy is radically changing world politics. Development of the atomic bomb brought Japan to surrender within five days from its first use. Sir James Chadwick, who helped develop the bomb, estimates that within ten years atomic energy will be available for industrial uses. This incomparable weapon and undreamed of wealth together make America a world-magnet. Chadwick's further remark that any other nation with the raw materials could duplicate the bomb within five years also suggests a

All of these things are High Explosive and should be handled with care. They were handled with care in the rather elaborate precautions made to protect the Big Five from any ganging up against them by the little nations which so often in the past were stooges for one or another of the big powers.

In the second place, there is no ganging up on Russia involved in the World Security Organization. Many of the veto provisions were specifically designed to guarantee the Soviet Union against anything of the kind. But old habits die hard, and the San Francisco Conference started off in the form of an old-fashioned anti-Communist ganging up. There was a squabble over the chairmanship. There was a squabble over admitting Argentina. There was bad feeling about Russia's three votes in the Assembly. There was bad feeling about the Polish situation. So clever was the campaign to provoke Russian-American hatred that President Truman had to send Harry Hopkins to Moscow and Joe Davies to London to straighten matters out. As a result, the Charter went forward on a basis of American-Russian co-operation, with England no longer in the middleman's position, and the Tory effort to convert the World Organization into a Soviet-baiting system failed dismally.

This, I consider, is the outstanding diplomatic achievement of the Truman administration. Great credit is due to the President, to Mr. Stettinius, to Joe Davies and Harry Hopkins that they stood out against the anti-Russian clique in the Army, Navy, and State Department and broke through the barriers which divided Washington from Moscow shortly after President Roosevelt's death. I shall speak frankly and say that I believe that there was bitter disappointment in at least three great cities—London, Paris, and Rome—that the United States government did not come out of San Francisco with a good feud against the Soviet Union. Press reports stated that there was little enthusiasm in London, Paris, or Rome for the Charter, which means among other things that anti-Sovietism can no longer be a valid foreign or domestic policy in European countries.

Finally, the Charter does not indulge in any special sentimentality about small nations. These small nations are assured rights and dignity

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policy of restraint on America's part as insurance against an atomic war which would destroy mankind. Use of the bomb should be vested in the United Nations and would thus establish their sovereignty on an unshakable basis of overwhelming power.

and are charged with concern for human rights and the general welfare but they are no longer in a position to upset the applecart. Their subordinate role in the war has been followed by a subordinate role in the peace. This wholesome disillusion is one of the most hopeful things in the entire Charter. It marks an end to wishful thinking in international affairs.

I will not at this time go into the practical nature of the system to control aggression. It is definite and clear-cut and will probably be effective for a long while. It is miles ahead of the League of Nations. It will work as long as the Big Five wish to make it work and if the Big Five fall out there's no hope for peace anyhow. Self-defense and regional arrangements like the Act of Chapultepec are legitimate but the Council is charged with final responsibility for world peace and if the Council fails there can be no alibi.

There are two matters involved in the World Organization concerning which there has been little publicity. Yet these matters involve the question of whether or not there will be a third world war within another generation.

The first is the so-called system of Trusteeship. One of the outstanding political developments of the war was the discovery that the colonial peoples of Asia and the colored peoples of Africa and the Near East were far from enthusiastic in their defense of the European empires. Indo-China, Malaya, Burma, Java—all fell to the Japanese with little native resistance. Even British India, with its enormous army and great industries, was unable to prevent Japanese invasion. Not one Arab country took an active part in the war against the Axis. The great and shining exception was the Philippines, to which we had pledged national independence. The Filipinos fought—the others did not. This means, of course, that European colonialism—including the British Empire—has failed to satisfy the economic needs and the social aspirations of the world's colored races. The White Man's Burden has looked too much like rubber, tin, oil, tea, and copra to be worth defending by those whose skins are not the correct shade of pink.

By instituting a system of trusteeship we, with Russian co-operation, are in a position to work internationally for a better and more satisfactory set of relationships between the white and the colored races of the earth. Unless this is done, intelligently and in good faith, the next generation may witness what the Japanese almost touched off in 1941—a revolution

of the colored peoples of the world against the whites. Here I am frank to say that I think the first test will come in French Indo-China, which was turned over to Japan by the French officials. The French Government says that Indo-China is an integral part of France, but suppose that the Indo-Chinese don't agree?

The final test, of course, will come in the British Empire. British Labor's sincerity and statesmanship will be tried in the adjustments they can offer to native nationalism and the world's needs for raw materials. Churchill followed a policy of holding everything. If Labor follows the same course, under a different name, it would not be surprising.

The second great project before the World Organization is the creation of a social and economic commission which will attempt to deal with the basic injustices of which the world is a victim. Without social justice and economic opportunity, the World Security Organization will become nothing but another Holy Alliance—a police system to maintain order at all costs rather than an attempt to deal with the causes of disorder.

Until 1929, the League of Nations had a chance to succeed because the world was at work, repairing the physical damage of war, and enjoyed substantial prosperity. With the Wall Street panic and the depression which followed, American investors stopped putting up the money which was financing European reconstruction and German reparations. Without American money, the whole economic order crashed and Hitler had no trouble in enrolling millions of new members in his Nazi movement, while Japan accurately calculated that the Western powers would not interfere with an attempt to conquer China.

This time, the American people are committed to a long-range program of economic and financial co-operation. Congress has renewed the Trade Agreements Act with added reductions in our authorized tariff rates. Congress has also adopted the Bretton Woods Agreements for a World Bank and a Currency Stabilization Fund. Through these and other measures, we stand committed to place some of our wealth and resources at the service of a long-range program for economic reconstruction. Now that Lend-Lease has been cancelled and President Truman has recommended that we wipe the slate clean, the Export-Import Bank can make necessary funds available to foreign borrowers. And, finally, the Senate has ratified, overwhelmingly, the United Nations Charter.

During the debate on the Charter, Senator Wheeler of Montana

indicated an isolationist strategy which consisted of accepting the Charter but opposing everything which could give effect to our ratification thereof. This alarming irresponsibility came to an end on August 5. On that day, isolationism was repealed: Hiram Johnson of California died and 150,000 Japanese were suddenly vaporized by a fission of uranium atoms at a place called Hiroshima. After this, even President Robert Hutchins of the University of Chicago was convinced that isolation was not longer practical politics.

Finally, we must not forget one very important thing. This country stands at a pinnacle of power—military, naval, and air power—financial, economic, and industrial power — political prestige and diplomatic influence.

As a result we need not expect to be liked. We are not liked. In many parts of the world, including lands which we have liberated, we are actively hated. In part, that is our own fault. We have, as individuals and as a government, been clumsy, naive, sometimes stupid, and often brutal. We did not try to make friends and influence people—we tried to win the war in the shortest possible time. On the other hand, much of the growing wave of anti-American feeling is simply because we are so powerful, so rich, so successful. Much of the world is hungry, even starving; much of the world is half-ruined by actual destruction. Cities have been bombed, great nations have been humiliated, individuals have been degraded. And here we are, big, bustling, well-fed, prosperous, and largely ignorant of our own strength or how to use it.

For that reason, I for one am very glad that America retains a veto power in the World Security Organization. By preventing it from being used as a setup for ganging up on Russia, we have also kept it from being used as a system for ganging up on us. And on the whole I wish we had stood by our Yalta arrangement to have three votes in the World Assembly. The time might come when we would find those extra votes extremely handy.

However, there is no longer any doubt that America has come of age, as a nation and as a government. Our power is world-wide and our interests are world-wide, too. It remains for us to develop the men and the methods, apart from physical power and finance, to help administer wisely a world which we have helped to free.

SCIENTIFIC MEDIATION—TOOL OF DEMOCRACY[1]

By HORACE S. FRIES

THE CURRENT REACTIONARY and undisguised opposition to provisions for full employment is part of the effort to curtail government interference with the "right" of private corporate exploitation of labor. At the same time it is a move to weaken organized labor. This opposition should be defeated. But victory over it should not be permitted to lull organized labor and its friends to the sleepy assumption that its basic problem has been solved. All the evidence at hand—the analytic definitions of certain economists about a "free-market" or "perfect competition" are hardly evidence—indicates that government interference and planning will continue to increase. But as we all know, it is one thing to have government planning and quite another to have successful planning.

One of the most interesting paradoxes of the time is the fact that the basis of current dangers to organized labor and to democracy provides at the same time the opportunity for democratic and economic progress. This common basis is the fact of extreme social flux. Many human beings, especially our political and economic leaders and teachers, have lost their sense of direction. They don't know what to aim for; so they don't know how to move beyond the opportunity of the moment. More accurately, our society has lost *its* direction. The breakdown of ancient customs and attitudes and the coming of novel conditions of technology and intricate, widespread economic interdependencies have brought about a new state of affairs for which there are no social guideposts. Our habitual ways of doing things no longer work. This is true of religion, traditional democratic forms of government, family life, and so on, as well as of organized labor. Under such conditions it is not surprising that men in power, who don't know what else can be aimed for, should sometimes simply aim to keep themselves in power. Let us note briefly three general examples of this pervasive social flux.

[1]Based on the third discussion in a series on "Current Events in the Labor World" organized and directed by the Madison Workers Education Bureau. January 31, 1945.

The first and most obvious illustration is the fact we have mentioned of *growing* governmental powers. A second illustration (a condition closely related to the first) resides in the disappearance of business competition as a significant economic factor. In spite of the concerted fight for the past half-century against corporate monopoly and intermonopolistic price control, monopolies continue to grow. This fact is so obvious that there is hardly an American who does not know vaguely of the dangers of international monopolies which flourish under the name of the cartel. Yet the tragic fact remains that most of our economic thinking and attitudes are those of a competitive, *laissez-faire* economy. The average businessman in the smaller enterprises is so pathetically ignorant of the contradiction involved in holding a *laissez-faire* approach in a corporate age, that he allows himself to be unmercifully exploited by huge and impersonal corporate interests while most of the time he throws his weight on the side of big business against those factors of government and organized labor which could help him gain a footing once again in the economic world. The trouble is that he expects to have the same kind of footing which he had to some extent in the nineteenth and early twentieth century. He fails to see that the world has really changed. Some intellectuals, even former "socialists," join the same chorus. They fear that the only alternative to *laissez faire* is dictatorship, as if *laissez faire* (or Hayek's veiled version of it as a *co-ordinating free market*) were itself an alternative. Now if it is tragic and unfortunate that businessmen of the smaller enterprises, who are not very powerful, and intellectual babes in the woods with still less power fail to recognize the reality of change, how much more fatal it will be if the powerful organizations of labor should fail to recognize the fact that the world has become a corporate enterprise and that *laissez faire* is a thing of the past! How much more important it is for the members and friends of organized labor to understand the attitudes required by this novel economic structure!

Our third illustration of social confusion may not be quite so striking. This is the new appeal to power politics, to geopolitics and to exclusively pressure-group techniques. This may not be as striking at first glance, because after all it is a fairly old custom, and over four hundred years ago was organized into a deliberate and systematic political method by Machiavelli and modernized in communism and fascism. Nevertheless, the current fad is significant because it has come to include men and

groups who a few years ago believed they had repudiated such methods once and for all. Many liberal writers, preachers, and social leaders generally, who by word and deed have in years past committed themselves to promoting democratic methods, now find themselves justifying and even appealing to the use of coercion as the only way to secure the social objectives in which they believe. The nature of the significance of this wide fad of exclusive appeal to power politics can be expressed very briefly. When men find that they do not know how to *control* events so as to achieve their aims, they try to *compel* events to comply with their demands. An engineer does not compel steam energy to be transformed into electrical energy, but because he knows something about their causal relations he *transforms* one energy into another.

The rise of power politics and dictatorships is the attempt by human beings to compel events to take on direction and order. Fascistic forms are of course influenced and colored by the traditions of the country in which they emerge. But in a very literal sense they do not arise from the traditions but rather from the breakdown of traditions. They are produced by a cultural vacuum, not by the success or strength of any particular social custom. The customary, prescientific guides to human action were the product of a long, slow social adjustment. They were incorporated in relatively rigid folkways. These folkways provided a semblance of control, and even lent to the use of coercion a semblance of justice. But the technological applications of science have now liquidated the last vestiges of the folkways. There are no automatic guides. There was a short period of unrestrained commercial anarchy during which some important democratic ideas got attached to our professed aims. This period, commonly mistaken for democracy, was made possible by the extravagantly exhaustive exploitation of resources with no provision being made for their continual renewal. Now that this commercial weed threatens to smother out democratic ideals entirely, its defenders (e.g., Hayek) try to assign its nasty fruits to the intellectual machinations of socialism. But socialists, at least non-Communist socialists, have not yet reached the low level of outright condemnation, on either moral or economic grounds, of the right of every man to a job. The alternative to increasing chaos and appeal to coercive force is not less restraint, but rather the deliberate institution of successful controls. If we can find a method of *controlling* social institutions we shall not need to resort to

futile and inhumane dictatorial *compulsions*. The ethical and scientific significance of the distinction between compulsion and control will emerge as we proceed.

So much in brief for the confusions and failures which arise from the fact of increasing and intensified social flux. How about the opportunity which, we claimed, resides right in the midst of this chaos? Flux, as we observed, means that old guideposts have been destroyed, that our old habits and attitudes have lost their effectiveness. This means that we have a chance *to construct* new guides. In the past, for the most part, our basic social and individual guides to living, our standards and institutions, have simply grown haphazardly, the way a municipal junk pile grows at the edge of a town or small city. Not so many years ago, say five hundred, the customary attitude towards men's natural environment was similar. It is true that for thousands of years men had tilled the soil, built dwelling places for themselves, and sometimes had controlled the rivers for irrigation purposes and even to secure labor saving power. But not until five hundred years ago did men begin systematically to find out how to control their natural environment. Not until then did men begin to realize that by systematic and very patient experimental inquiry into natural processes such as heat, falling bodies, chemical changes, electrical phenomena, and so on, they could gradually become masters instead of slaves to their natural surroundings, not through the favoritism of the gods or by the use of coercive force but by scientific control. This change, indeed, was one of the four great world revolutions which had permeated the face of the earth. But not then and not yet have men realized that they can also learn how deliberately to control rather than compel their aims and the directions in which they move. To promote such learning is a basic democratic function of organized labor today.

We are not forgetting the direct function of organized labor to secure a decent living standard for its members. But this other more basic function, it seems to me, is a prerequisite for organized labor to do its job of winning better living standards for its members. If it does not perform this basic democratic function, it cannot long succeed in the other.

Some economists and leaders of organized labor, however, still believe that the most basic democratic office for organized labor is that it serve as an economic force in society to balance or to keep in check another force: namely, the force of unrestrained economic investment, produc-

tion, and exploitation. We do not have to be Communists or even to have read Marx to see that in a profit system, men or corporations who control investment for private ends will try to win as much economic *power* as they can. Were organized labor not a vital economic force which serves to channel a part of what otherwise would be profit into wages or purchasing power, it is clear enough that our own living standards—the consuming standards of the wage earner—would be much lower; and that eventually the one-way movement of wealth into profits would wreck our economic system. A deep faith in a cosmic dialectical Santa Claus justifies for the Communist the Marxian belief that only out of the *destruction* of capitalistic conflicts can emerge a decent social order. But for better or worse we in America cannot attain such metaphysical and theological faith in a cosmic dictator. We are therefore committed to the method of *reconstructing* our economic system. We are compelled to search for *methods* which will *resolve* conflicts in more satisfactory ways. We can see no point in the deliberate intensification of conflict.

We do not wish to deny, and the facts perhaps prevent denial, that organized labor does serve as a necessary compensating economic force to maintain social equilibrium. But again we ask this question: How, in the chaos of our times, can organized labor succeed in maintaining itself as such a force?

Furthermore, suppose that the two forces of production and wage-demand are mutually balanced and that an economic equilibrium obtains. It is still possible for wages and living standards to be far too low. For unless industry prospers, it cannot pay high wages *no matter how strong organized labor becomes.* This is as true in Russia, Germany, and Great Britain as in the United States. For it is true whether industry is owned or controlled by "private" corporations or by government or by labor itself. Acknowledgment of this fact need not serve as an apology for either the vanishing ideal of a "free market" or for the chaos involved in the dictatorship by "private" monopoly which is directed toward monopoly of "power." On the contrary it can serve as a stimulus for the institution of experimental and democratic planning techniques.

In view of these considerations our basic question can be formulated as follows: How can organized labor contribute to an increased *knowledge and control* of our economic processes, so that economic security and freedom can be obtained and maintained for the common man? Such an

assignment, that organized labor undertake the conduct of social inquiry, may sound queer. That is because of our traditional separation of theory from practice; or else, for those philosophies which advocate the unification of the two aspects, it is because the basic theoretical aspect of such philosophies is considered complete, further inquiry being at best *merely practical.*

Queer or not, the question is at hand; and organized labor can benefit itself and democracy by facing it. Consider first a preliminary answer to our question. Freedom and security will not be obtained by sacrificing the *right* to strike. Maintenance of the right to strike is largely a matter of public opinion and the desire to preserve it on the part of organized labor. Even in war this important tradition should be maintained; and organized labor should do its utmost to see to it that the men from the fox holes are not misled on this matter by some of the big business propaganda sheets which call themselves newspapers, and by their hired columnists. It would be a positive gain, too, if organized labor could enlighten the ranks of small business on this score.

We do not claim it was a mistake to agree not to strike for the duration. Quite the contrary. For this fact, if properly used, can perhaps help to secure the right to strike. To maintain this right is more difficult in war than in peace, but is a difficult job in any case.[2]

Why is this right to strike such an important matter for democracy? Because without it organized labor has no power. It may appear that, after all, organized labor can always make itself effective through the ballot. Perhaps this is true; but it is surely true that without the right to strike there is no inherent economic force to keep labor together. Organized labor should doubtless be a strong political, as well as an economic force. But the minute it *substitutes* political for economic force, that minute it will cease to be a unified, compensating economic factor

[2]On this difficult problem see an important paper by the General Manager of TVA, Gordon R. Clapp, "Problems of Union Relations in Public Agencies," *American Economic Review* (Supplement) XXXIII: 184-196, March, 1943. This article is based on a fuller report, *Employee Relations in the Public Service,* published by the Civil Service Assembly of the United States and Canada, 1942, and drawn up by the Committee on Employee Relations in the Public Service of which Mr. Clapp was Chairman. The study is the more significant because within the area it treats the right to strike is commonly denied.

and will become the chaotic plaything of the haphazard forces of uncontrolled corporate economic enterprise.

The right to strike exists in a society as an organization of human interests. This organization of interests manifests itself in public opinion. It is fortunate that organized labor realizes this fact. But it is equally important, it seems to me, to realize that there are other factors, too, besides public opinion. Or to put the same idea in another way, public opinion itself is a product of social and economic conditions as well as of propaganda and education. And there is no doubt that under certain conditions organized labor must act in opposition to public opinion. Such action is difficult and dangerous to the movement, and can be performed successfully only as organized labor *leads* public opinion. If organized labor sees to it that it is better informed on current economic and political issues than public opinion generally—not a very difficult task, it would seem—then it will better know when and how to oppose public opinion and to lead it into more progressive channels.

But there is another factor besides public opinion which threatens the right to strike. It is particularly important that we note this factor. The proposal we wish to make involves the effort to secure co-operation between labor and management. But it is easy for either unscrupulous or ignorant labor leaders to employ this effort to split the labor movement into fragments by uniting sections of it with sections of management, without regard for the movement as a whole. Should this *negative* function of a free market be allowed to expand, *laissez faire* would become significant once again in even greater destructive effectiveness. But if and as the proposal in hand becomes an operating aim in the philosophy of organized labor, improved criteria will not be wanting to distinguish between co-operation on the part of management and a gesture which is intended only to cover manipulations aimed exclusively for profit or economic power. Hence the loss of interest in high Washington circles in furthering active labor-management committees—not merely on paper—is a discouraging phenomenon. Furthermore, management in America has been traditionally opposed to labor's participation therein, and organized labor has unfortunately been somewhat indifferent, preferring to concentrate exclusively on wages and security.

Fortunately, however, the main answer to our question does not, it seems to me, involve the hazards of a fickle and uninformed public

opinion. We are answering the question, we recall, as to how organized labor can contribute most to an increased *knowledge and control* of our economic processes so that economic security and freedom can be obtained and maintained for the common man. Our preliminary answer was that we must not sacrifice the right to strike. The main answer is that we must develop and promote the art and *science* of organized mediation.

Now mediation is a good old custom, probably more ancient by far than Adam and Eve. But it was generally restricted to conflicts of interests within the family, clan, or tribe, and even then to problems of the *application* of ethical principles. It has never been deliberately employed on a large scale for the determination of such principles themselves. As such it is a new thing under the sun. Furthermore one of its natural habitats today is organized labor. In the endeavor to clarify, secure, and promote various kind of mediative activities, organized labor can play a constructive and crucial role without endangering its status in public opinion or in society generally. And without *scientific* mediative activities, since as affording instruments of social control they are a necessary or basic means to the other functions, organized labor will probably fail, and democracy will pass into eclipse for a time.

But to play this role labor must understand it. Unfortunately, some labor leaders and some mediators themselves fail to understand the nature of mediation. We should consider carefully an important article by William M. Leiserson, former co-chairman of the National Mediation Board which was established to help handle labor disputes.[3] Mr. Leiserson claims that one reason why the board failed (along with other boards which were established by the government for the same purpose) was that "it made the fatal error of confusing mediation with arbitration." Mr. Leiserson continues:

> Failure to understand it [the difference between mediation and arbitration] has caused many of our troubles.
>
> A Mediation Board acts in the position of a mutual friend of the parties in dispute, helping them to reach an agreement.
>
> A voluntary Arbitration Board acts in the position of a judge, before whom the parties bring their dispute voluntarily, agreeing in advance to be bound by his decision.

[3]William M. Leiserson, "Labor Faces a Crisis," *American Magazine*, January, 1945, pp. 20ff.

> A compulsory Arbitration Board is also in the position of a judge, but this time of a judge before whom the parties have been dragged by the scruff of the neck, and whose decision is backed by force.

Mr. Leiserson makes a recommendation, which should be passed on as fundamental, that there be drawn up a definite policy by genuine representatives of organized labor, industry, and the public; that this policy recognize the need for all three forms for settling labor-management disputes; but that the three different functions be clearly distinguished and separated in the administrative bodies which are to carry them out. Otherwise, as is clearly evident, there will be no faith by either management, labor, or the public in any of the administration boards, for the simple reason that no mature person wants to trust one and the same group serving at once as friend, judge, and policeman.

We cannot discuss here the details of the differences between conciliation, mediation, and arbitration in all their variety of forms. Furthermore and unfortunately, the particular kind of mediation we have in mind has not been sharply outlined either in theory or in illustrative cases by labor economists or psychologists.[4] Indeed it is likely that the *practical* side of the activity under consideration will be illustrated more frequently in cases usually known as *conciliation*. Even "conciliation" often covers cases in which *mere* compromise hides the potential scientific factor we wish to uncover which *always* involves the *deliberate* effort to *change the interests of the conflicting parties*. The term "interests" itself has taken on such a commercial tinge that its *psychological* aspects are easily overlooked.

By *scientific mediation* we wish to designate on its practical side the deliberate effort to change the actual psychological make-up of the conflicting parties. And by the "conflicting parties" we mean, in the case of a labor-management conflict, the complete personnel of the management and the labor organizations involved, and not merely the attitudes of their respective representatives at the conference table.

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[4]Among a few helpful references on the practical side of our method are Howard S. Kaltenborn, *Governmental Adjustment of Labor Disputes,* Chicago, 1943, Foundation Press, which contains a selected bibliography; Clay Parker Malick, *Labor Policy Under Democracy,* Univ. of Col. Studies, Series C, Studies in the Social Sciences, Vol. 1, No. 1.

With these precautions in mind we can now turn to the question of the meaning of *scientific mediation* as the term is here employed. We mentioned earlier that only four or five hundred years ago men discovered how they could win increasing control over their natural environment. The advent of this discovery is now called the coming of experimental science. Science is power, as Francis Bacon said. It gives us the ability to transform flowing water into electricity, heavier-than-air machines into flying machines, grain into alcohol, and alcohol into rubber, poor land into productive land, and so on. In short, it provides us potentially with plenty of the so-called necessities of life for all.

But what has happened to social aims, to what professors call social ethics or political and economic morality? Do we know how to use for constructive ends the mighty power science has given us? The answer is evident: The more control science has given us over nature, the less control have we come to have over social and political and individual ideals as to how best to use such power. In compensation for this want of ethical control, geopolitics and the appeal to coercion might flourish unblushingly even in soil from which a few years ago they had been eradicated as detestable weeds. While science was growing and producing unheard-of technological powers and novel social conditions and problems, social morality looked over its shoulders on Sundays, as it were, for a fixed moral or social standard formulated along prescientific and medieval lines. This separation of the practical world from ethical considerations can be illustrated by the strangeness which may be felt upon finding a serious claim made of an association between labor problems and ethics.

The reason why scientific mediation is a basic democratic process can now be stated: It is the meeting ground between science and social morality. It is the place where both join hands to reinforce and help each other. Mediative activity cannot be successful unless the mediative plans established are based on the best scientific knowledge possible about technical productive means and opportunities. A mediator who does not take account of the best scientific knowledge of the technology as well as the economics of the industry in question cannot be successful. He is likely to bring on either bankruptcy of the firm, in the case of an uncontrolled market, or, in the case of a planned market, compulsory government action which may be forced to disregard the interests of both man-

agement and labor in the particular case in order to provide for the interests of the public.

But furthermore, *scientific mediation* is impossible except in terms of the interests of all parties to the conflict. It does not involve the search for a fixed moral standard, but looks for consequences which will best satisfy the conflicting interests involved. In the words of Professor M. C. Otto, who has concerned himself with the formulation of a generalized mediative ethics, its aim is "the most livable life for all who have a life to live."[5] In terms of a dispute which involves labor this means that the mediating plan as drawn up must satisfy the interests of the parties to the conflict well enough for them to accept it.

Every intelligent mediator recognizes the necessity of taking account of the conflicting interests in a dispute. To this end he will try to secure the *participation* of labor, as well as of management, in both the formulation and the execution of a plan. Unfortunately even the most successful mediation, as it now operates, too often has to be satisfied with securing the participation of *representatives* of management and labor with no assurance that their representative status is itself a function of *participative* management and labor organizations.

As the mediative plan is set to work it will have to be changed and modified. But if the new changes are to meet the test of practical workability they must also satisfy the interests involved; and the best way of securing satisfaction of interests is to have the interests operate by direct or indirect participation in the decisions as to what changes to make.

The democratic and ethical aspects of mediative activity are thus readily recognizable. But the scientific aspect is not so easy to discern, and it is this aspect which gives an inherent progressive character to such mediative activity. It also reveals a realistic vision of continually expanding and enriching democratic values. As we practice the art of successful mediation *and at the same time try systematically to improve its techniques,* we are actually practicing experimental social ethics. The mark of scientific inquiry which sets it off from all other activities is this, that it uses its techniques of control to improve these same techniques. Science does not of itself use these controls in practical activities. This has been

[5]M. C. Otto, *The Human Enterprise,* p. 137 (Crofts, 1940). See the entire chapter, "Realistic Idealism." See also Chapter V, "Right by Agreement," in his book called *Things and Ideals* (Holt, 1924).

the affair of engineering or *applied* science. Science has used the controls simply for their own improvement. It is interested in "Truth," as we say, or "knowledge for its own sake." This systematic aim to improve its own controls is the secret of the growth of science and its technological achievements. It has been aptly called "the self-corrective character of science." Reactionary propagandists have led some of us to believe that it was the competitive, *laissez-faire* uses of technology which were responsible for the great achievements of the machine age. But it was experimental science using its own technological discoveries for its own improvement which brought these about. Indeed, a good case can be made to show that the unscientific, capitalistic-competitive, and monopolistic uses of technological findings are responsible, not for industrial advance but for slowing up and holding back production of plenty for all men and peoples.

With such a concept of experimental science as self-corrective inquiry it is clear that mediative activity which concerns itself not only with the practical success of its own plans but also with improving the instruments or techniques of mediative planning is exactly and precisely an experimental science. Its *concrete* material or "subject-matter" is the realm of human interests and all their natural causal connections with other biological and social factors. The *abstract* material of this experimental science will be various systems of concepts about human nature in all its individual and institutional aspects, but concepts formulated *operationally* to maintain perpetual contact with the mediating hypothesis—plans which serve to test and improve them. At the same time such experimental activity is inherently ethical, since the concrete test of actual control always resides in *the greater satisfaction* of the interests which the hypothesis-plans aim to transform from conflict into harmony. It is thus an experimental-moral undertaking in the best and most democratic sense of the word *moral*. The presence of a third, mediating party is logically irrelevant. That is why some *conciliation* cases are as amenable to the method as *mediation* cases. For the scientific "mediator" we are proposing is a self-corrective *method* which must be employed by both sides to a conflict regardless of the presence or absence of *a mediator*. In principle, as far as we know, this self-corrective method is capable of generalization to every type of human conflict, from marital difficulties to economic conflicts over prices and priorities. It signalizes such an important idea in the

history of the human race that I have ventured to place it as one of the five of the great happenings in the half-million or million years of the history of man.[6]

But *in principle only,* at present, is it capable of generalization to every type of conflict. In the process of its actual expansion there may be strikes, revolutions, and even world wars to be undergone. Those who catch the vision of scientific mediation will not avoid a militant stand on the side of the underdog in those numerous situations where because of the ignorance or selfishness of one or both sides coercive might is the only alternative. But in the very midst of such life and death struggles and the disillusionments which are bound to be their fruits, courage will be sustained by the vision of a world in which the variety and even the conflict of human interests can be encouraged because of the operation of a progressively enriching *method* for the resolution of conflicts.

Under less frightening conditions the vision of this method would be genuinely optimistic. It might even appear as an ultimate panacea, should we forget that reality may, after all, prove to be *too* pluralistic, giving rise to some conflicts which are inherently irresolvable. We *know* of no such conflicts to date, and in the nature of the case they probably cannot be known. As far as we know, irresolvable conflicts are such

[6]The series of great world revolutions may be designated as follows: (1) The use of tools for making tools out of which came the experience of a common aim and the aim to use tools for the purpose of communication. For this was the advent of *deliberate* problem-solving activity in the struggle for existence. It may be called the dawn of thinking-and-appreciation. (2) "The Dawn of Conscience," as it has been called by James H. Breasted, which added a new dimension to human activity besides that of appreciation-and-thought. This was the discovery of the radical question: Is the aim for which we are using our tools a worthy aim? (3) The vague but revolutionary discovery of the logical and mathematical relation of implication by the ancient Greeks some 2500 years ago. This is a symbolic relation the discovery of which started mathematics as a systematic inquiry and without which the fourth world revolution could not have occurred. (4) The dawn of experimental science which tied up the relation of implication with the concrete test of human control over physical transformations and changes in the realm of "nature." (5) The fifth revolution, about which we are speaking, is the connection of this logical relation with control over changes and transformations of human interests and satisfactions in such a way that progress in control is tested by *improved* satisfactions. See my paper, "World Revolution Number Five," *The Antioch Review,* III: 425-437, Fall, 1943.

because of the present status of human nature, individually and institutionally, and our ignorance of it. Such irresolvable conflicts are bound to occur except as our mediative techniques are broadened and refined to apply in the numerous kinds of conflict where they are now inapplicable. Accordingly, there is no danger that the ideal of *scientific mediation* will put us off our guard against the big and little interests which find satisfaction only through the ruthless exploitation of human beings.

Nevertheless, the vision is glorious and *can* become more potent than either that of the Commissar or the Yogi. For in the words of George R. Geiger, in reference to ethical theories, "There *is* an opportunity for large-scale application; but it is an opportunity that is found only when the ethical situation is looked upon as a function of social change."[7] We have added that the conflict of human interests can be looked upon as an opportunity, also, for the experimental correction of ethical guides.

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[7]George Raymond Geiger, *Towards an Objective Ethics*, p. 84, Yellow Springs, 1938, The Antioch Press.

DANIEL DE LEON: APOSTLE OF SOCIALISM

By CHARLES A. MADISON

In 1918, shortly after the Bolshevik Revolution, several American correspondents reported that Lenin had expressed his warm admiration of Daniel De Leon's writings. John Reed, on his return from Russia later that year, declared before the National Executive Committee of the Socialist Labor party: "Premier Lenin is a great admirer of Daniel De Leon, considering him the greatest of modern Socialists—the only one who had added anything to Socialist thought since Marx. It is Lenin's opinion that the Industrial State as conceived by De Leon will ultimately have to be the form of government in Russia."

Lenin apparently nowhere wrote down his opinions on De Leon; there is no evidence that any of De Leon's ideas were incorporated into Lenin's theories and practices; and neither the Communist International nor the American Communist Party reprinted any of De Leon's pamphlets. Yet Lenin's reported words recalled an outstanding American Socialist from undeserved obscurity. For by 1918, four years after his death, time had already relegated De Leon to the oblivion reserved for leaders of lost causes. Wholly the intellectual and man of inflexible principle, devoted to ideas and disdaining compromise, caustic and intolerant, he failed to impress his views upon the mass of American workers. His theoretical soundness became affected by the rigidity of orthodox dogma; his acute exegesis of socialism was blurred by polemical wrangling. As a Marxian socialist, however, he towered over his fellow American socialists.

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When Daniel De Leon reached New York in 1872 he had just completed six years of study in Germany and Holland. Born in Curaçao on December 14, 1852, the son of a well-established Spanish-American family, he had decided to make his home in the United States. Knowing Spanish and sympathetic to sufferers of oppression and exploitation, he was readily attracted to a group of Cuban revolutionists and helped edit their Spanish

periodical. When the paper was suspended, he obtained a teaching position in a Weschester preparatory school. In 1876 he decided to study law at Columbia University and two years later he was graduated with honors. He was also the recipient of two coveted prizes. In 1883 he won a prize lectureship in international law at Columbia and kept it for two successive three-year terms. He refused a third term when the administration failed to offer him a promised full professorship because of his activities in behalf of labor.

In 1886, perturbed by the social conditions in the New York slums and by the clubbing of strikers, he became an ardent participant in Henry George's spectacular mayoralty campaign and scandalized his conservative colleagues by speaking publicly in George's behalf. Once the election was over, however, his inquiring mind quickly perceived the inadequacy of the single-tax theory of economics and in later years he scorned it as "flatulent" and the product of "half-antiquated, half-idiotic reasoning."

His dissatisfaction with the capitalistic *status quo,* intensified by conditions at Columbia which favored socially acceptable mediocrities over foreigners of ability like himself, caused him to take an interest in the social criticism of his day. A reading of Bellamy's newly published *Looking Backward* stirred his imagination and led him to join the Nationalist movement. Soon again disillusioned—his mind was too critical for simple utopias—he perforce drifted toward the inchoate socialist organization which was at that time struggling to make itself heard within the ranks of unionized labor. In 1889, after a reading of some of Karl Marx's writings, he joined the Socialist Labor Party.

Not given to doing things by halves, De Leon accepted socialism "in dead earnest." Having become convinced that Marx offered the only practical solution to the ills of society, he dedicated himself to the task of advocating it before the country's working class. First as associate editor and after 1891 as editor of *People,* the organ of the Socialist Labor Party, he began to devote his acute mind and tremendous energies to the spread of socialism. Under his direction the periodical became a hard-hitting, straightforward, and clear-cut propaganda medium; his editorials, as later his pamphlets, were superior in quality and cogency to any other similar writings; and his forceful style suffered little from his inability to revise his first drafts or the stenographic copies of his lectures. In 1891 he also became the national lecturer of the party and traveled as far as

the Pacific in his tours of agitation. An effective speaker and obviously the intellectual, he impressed his audiences with the vitality of his message.

His great merits dwarfed the older leaders of the party and he quickly established himself as its dominant head. Wholly the idealist and driven by a single-minded determination, he demanded a similar zeal on the part of every professing socialist. Those who differed with him or who failed to conform to strict principle he criticized with fanatic fierceness.

* * *

In his efforts to turn socialism into a mass movement he found himself balked by the men of whom he had expected warm co-operation—the labor leaders. His point of view and his peremptory approach had immediately antagonized them. They reviled him as a dreamer and troublemaker. As officers of craft unions they wanted most of all shorter hours of work and higher wages for the members of their organizations. The larger interests of labor hardly concerned them. Nor would they tolerate the injection of Socialist politics into their unions. Many of them believed in each union for itself and feared any arrangement or tactics which might lessen the chances of their followers for immediate gains.

De Leon accused the labor leaders of venality and lack of vision. He regarded them as traitors to the cause of labor and usually referred to them as "labor fakers" and ignoramuses. He condemned their craft separation and their ban on political action as means of abetting the perpetuation of wage slavery. "The pure and simple trade union is not a labor organization but a caricature of capitalism." For the aim of a union of workers must be "the abolition of the wages system of slavery" if it is to be true to its essential purpose. Nor must workmen be misguided by the promise of favorable labor laws, since employers can always find ways of getting around them. "So long as the capitalist class held the government, all such labor laws . . . were a snare and a delusion."

At first De Leon tried to fight the labor officials within the unions. He joined the Knights of Labor and made considerable headway. But in the end his efforts were frustrated and he had to get out. "The trade union leaders," he argued at the time, "will let you bore from within only enough to throw you out through that hole bored by you." In 1895 he was instrumental in the formation of the Socialist Trade and Labor Alliance under the aegis of the Socialist Labor Party—a class-conscious union. At the next annual convention of the party the Alliance was

hailed "as a giant stride towards throwing off the yoke of wage slavery" and socialists were called upon to "consolidate and concentrate the proletariat of America into one class-conscious army, equipped both with the shield of the economic organization and the sword of the Socialist Labor Party ballot." Notwithstanding this brave beginning, the Alliance remained during its decade of futile effort an anemic and ineffectual organization. In 1905, when it combined with other labor groups to form the Industrial Workers of the World, it had a membership of 1400.

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If De Leon deprecated the conservative labor leaders, he despised the pragmatic socialists who invoked Marx without adhering to his doctrines. His thorough study of Marx's writings having convinced him that socialism was predicated on the class struggle and could be achieved only by the abolition of the capitalist system, he was adamant against any manifestation of what Marx had termed the "cretinism of bourgeois parliamentarianism." "The socialist movement," De Leon asseverated, "cannot be all things to all men; it can be only one thing, and to only one class—the working class." To be a socialist was in fact to be a revolutionist engaged in active and continuous battle against the capitalist system. Compromise or moderation could not but lead to disaster. "Nothing is gained on the road to palliatives; all may be lost. . . . Not sops, but the unconditional surrender of capitalism, is the battle cry of the Proletarian Revolution."

He therefore demanded that all members of the Socialist Labor Party adhere rigidly to the principle of complete unity of theory and tactics; that transgressions be punished according to the gravity of the offense. Intellectual individualists who refused to subject themselves to party discipline or who favored the doctrine of gradualism he attacked without mercy. He stigmatized them as reformers—shallow-pated sentimentalists whose platforms he likened to banana peels on which the reformer was bound to slip and bring down the workers with him. "We know him; we have experienced him; we know what mischief he can do; and he cannot get within our ranks if we can help it. He must organize an opposition organization and thus fulfil the only good mission he has in the scheme of nature—pull out from among us whatever reformers may be hiding there."

As a consequence of De Leon's dogmatic idealism the history of the Socialist Labor Party during his quarter-century of leadership is marked by strife and dissension. Few active members were able to measure up to his lofty standard. A number of his devoted colleagues, such as Hugo Vogt, Lucien Saniel, and others, sooner or later rebelled against his obdurate domination. In his defense he explained: "I uniformly go to the full length, fullest length, possible of giving people the opportunity to show what good there is in them, if any, for the movement. All these men who have gone to the dogs gave promise of better things." Towards the end of the 1890's the larger part of the membership, failing to depose him as the effective head of the party, joined the exodus of dissidents and combined with Eugene V. Debs's group in the Middle West to form the Socialist Party. A lesser schism occurred three years later when a smaller group broke away to unite with the earlier dissidents. This blood-letting became a chronic condition and kept the party small and anemic.

De Leon accepted these disaffections with philosophic fortitude. "You will never find the revolutionist putting himself above the organization," he declared comfortingly. "The opposite conduct is an unmistakable earmark of reformers." Because he perceived the ideal of socialism with the clarity of conviction, he was never able to realize that most others were incapable of such implicit faith; and he was never able to understand why and how Socialist tactics could differ from his own. Having never known the appeal of immediate rewards in the form of higher wages or better working conditions, he condemned such palliatives as insidious sops. At the party's convention in 1900 he was instrumental in eliminating from its platform all immediate demands as well as the right of membership to any official of a craft union. So far as he was concerned, a small but united party promised more for the future of socialism than a large membership interested more in hasty palliatives than in ultimate goals. Firm adherence to this ideal later caused him to reject his favored son Solon, on whom he had laid fond hopes, when the youth began to question his father's interpretation of Marx's definition of value. In De Leon's mind man was subservient to principle and not otherwise; not even his own son could violate this rule without suffering the consequences.

* * *

De Leon's major contribution to the theory of socialism lay in his emphasis on the tactics by which capitalism was to be replaced by a

socialist republic. He believed firmly in the doctrine of the class struggle of society. "Between the Working Class and Capitalist Class there is an irrepressible conflict, a class struggle for life." He also argued that while capitalism was a natural and necessary phase in the evolution of society, it had already reached the end of its usefulness and had become an obstacle to social progress. "Labor alone produces all the wealth," he repeated after Marx, and was therefore entitled to all of it. Only socialism could achieve this economic justice. "Socialism is the logical sequence of economic and sociologic development. It is the movement which overthrows the Political State; rears the Industrial Commonwealth in its place; harmonizes the system of ownership with the collective system of operating the plants of production; and abolishes economic dependency, the foundation of all slavery." Since capitalism refused to abdicate, and fought as fiercely for its least privilege as for its very existence, it became incumbent upon socialists to achieve their goal by revolutionary means.

Yet De Leon abhorred the use of physical force. Revolution to him was the ripe fruit of disciplined and directed evolution. "No revolutionary class is ever ripe for success," he pointed out, "before it has itself well in hand." To expedite this evolutionary process "to the crisis of revolution," he urged political organization along with industrial unionization. Both were necessary because capitalism was dominant in both fields and must be attacked accordingly. "Without political organization, the labor movement cannot triumph; without economic organization, the day of its political triumph would be the day of its defeat." It should be clearly understood, however, that the political phase was merely the orderly method of attacking capitalism in a democratic society. "The political movement bows to the methods of civilized discussion: *it gives a chance to the peaceful solution of the great question at issue.*" Yet for this very reason it must not yield to the temptation of sops or concessions. "It must be uncompromisingly revolutionary. This fact dictates the conduct of the successful political candidates of labor in the parliaments of capitalism."

De Leon's concept of unionism was predicated upon the ultimate goal of socialism. He believed that laborers naturally seek to unite for mutual benefits. "As sure as a man will raise his hand by some instinct, to shield against a blow, so surely will workingmen, instinctively, periodically gather into unions. The Union is the arm that Labor instinctively

throws up to screen its head." Conservative labor leaders, myopic and unscrupulous, concerned more for their jobs than for the welfare of labor, have driven their timid followers into the blind alley of "pure and simple" unionism. Yet the true direction of unionism is along the broad highway leading to the socialist republic.

> The trades union has a supreme mission. That mission is nothing short of organizing by uniting, and uniting by organizing, the whole working class industrially—not merely those for whom there are jobs, accordingly, not only those who can pay dues. This unification or organization is essential in order to save the eventual and possible victory from bankruptcy, by enabling the working class to assume and conduct production the moment the guns of the public powers fall into its hands—or before, if need be, if capitalist political chicanery pollutes the ballot box. The mission is important also in that the industrial organization forecasts the future constituencies of the parliaments of the Socialist Republic.

In developing his concept of revolutionary industrial unionism De Leon made clear that it "embraced three domains, closely interdependent, and all three requisite to the whole. . . . Form, Tactics, and Goal." He explained that, if the reconstruction of society was to be achieved, all persons engaged in useful occupations must be gathered "into ONE UNION, a Union coextensive with the Nation's confines." Within this comprehensive union the workers in each industry will be organized into separate constituent unions. Each industrial union will also have its local trade and shop branches, and all will be properly represented by their respective delegates to the governing body of the general industrial union. Workers will thus be so organized within each industry that should the capitalists try to prevent them from assuming power, "they could laugh at all shut-down orders, and carry on production." Under this plan the political state will disappear altogether and be replaced by the socialist industrial republic. "Industrial Unionism is the Socialist Republic in the making; and the goal once achieved, the Industrial Union is the Socialist Republic in operation."

Under socialism industrial constituencies will replace geographical constituencies. Thus instead of sending Representatives and Senators to Congress on a district and state basis, respectively, the people will elect representatives of various industries. These representatives "would constitute the government, and that government would then own and control those instruments of production that civilization needs. . . . Their legis-

lative work will not be the complicated one which a society of conflicting interests, such as capitalism requires, but the easy one which can be summed up in the statistics of wealth needed, the wealth producible, and the work required."

* * *

De Leon did not formulate his theory of industrial unionism in a moment of inspiration; he did not originate the organizational ideas of industrial unionism, but he gave the theory a revolutionary socialist emphasis. The Socialist Trade and Labor Alliance, while not yet a real industrial union, was a first step in that direction; it was an effort to eliminate the unenlightened labor officials from union leadership and to provide workers with unions thoroughly imbued with the goal and tactics of socialism. Members of the Socialist Labor Party, animated by De Leon's vision of an industrial union which would ultimately grow strong enough to establish the socialist republic, propagated the idea in shops and factories, at meetings and in their writings. But the result was inconsequential.

The idea of industrial unionism grew up among those who perceived the weaknesses of craft unionism. The Knights of Labor, the American Railway Union, and the Western Federation of Miners were crude but earnest efforts to unite large bodies of labor along industrial rather than craft lines. During the early 1900's the issue of industrial unionism was assuming concrete form. Many progressive labor leaders agreed that an industrial union comprising all workers in an entire industry would certainly be more effective than the loosely affiliated craft unions. Finally a number of the more radical of these men decided to meet in Chicago in order to discuss the ways and means of calling on "the workers of the world" to organize industrially. The conference took place in January, 1905, and those present drew up a manifesto which recognized the existence of the class struggle and invited labor representatives to an organizational convention the following June.

De Leon came to this convention as the head of the delegates sent by the Socialist Trade and Labor Alliance. Because the Alliance had a relatively small membership, it was given little recognition by the sponsors of the conference. Yet De Leon's towering intellectual stature and his firm adherence to basic principles made him, in the words of Professor Paul F. Brissenden, "probably the most striking figure of all" at the

sessions which helped to bring forth the lusty Industrial Workers of the World. Although he did not "capture" the convention he dominated the ideational trend of its discussions and succeeded in getting the delegates to include the political clause in the famous Preamble. This achievement was the more notable in view of the fact that the meetings were guided by such outstanding leaders as Eugene V. Debs and William D. Haywood.

In the discussions of principles and tactics Debs sided with De Leon against Haywood. Thus at one point De Leon argued, "You could not first take the men into the union under the false pretense that you were going to raise their wages, and afterwards indoctrinate them. No, you have to indoctrinate them *first,* then bring them in." Haywood disagreed with this point of view and insisted "that only through the actual class struggle can the working class get its education for the seizure of power." Debs, head of the Socialist Party and no friend of his socialist rival, stated his position on the question without equivocation: "De Leon is sound on the question of trade unionism, and to that extent, whether I like him or not personally, I am with him."

The I. W. W. did not of course measure up to De Leon's concept of the revolutionary industrial union which was to destroy capitalism and usher in the socialist republic. But it was the bravest effort labor had yet made in that direction and he hoped for the best. On leaving Chicago he spoke in its behalf in a number of cities, and his address on the I. W. W. Preamble in Minneapolis, outlining the strategic course which organized labor must follow to assure final victory, was at once persuasive and positive and later became one of his highly popular pamphlets. He also devoted considerable space in the Daily and the Weekly *People* to the activities and prospects of the I. W. W. and urged his followers to exert themselves to the utmost in spreading the gospel of the new organization. In the East members of the Socialist Labor Party became the most active workers in the I. W. W. locals.

Dissenting voices began to be heard at I. W. W. meetings soon after the organization was launched. This was inevitable in view of the fact that the union was an amalgamation of members from such divergent factions as the Socialist Labor Party, the Socialist Party, anarcho-syndicalist groups, and conservative unionists. Although everyone tried to pull together at the outset, the different cliques began to maneuver for control at the second annual convention. De Leon was present, and his insistence

on strict adherence to the principles of the Preamble quickened the latent antagonism. Debs's abstention from the conference made De Leon's work all the more difficult and caused him to appear as a troublemaker.

Haywood was at that time in the Boise, Idaho jail, where he and two of his fellow labor leaders had been placed by state officials—having illegally kidnapped them in Colorado—and charged with the murder of former Governor Steunenberg. De Leon was one of the first to begin the campaign for their defense and wrote energetically and frequently in their behalf. When Haywood, while in prison, was nominated for governor by the Colorado Socialist Party, the Socialist Labor Party endorsed him enthusiastically—the first and only time that it favored the candidate of another party. When Haywood was finally freed and became a hero in the eyes of millions of workingmen, De Leon wrote to congratulate him on his acquital and expressed the hope that he would capitalize on his popularity and assume the leadership of American class-conscious labor. He even declared that the Socialist Labor Party would gladly "break ranks" as soon as the I. W. W. organized its own political party. Haywood never acknowledged the letter. Loath to associate himself with the leader of a rival party, he preferred to regard De Leon through the prejudiced glasses of his enemies: "I was becoming more and more convinced," he wrote in his autobiography, "that the Socialist Labor Party was so completely dominated by De Leon's prejudices that it could not lend strength to any movement with which it became associated. Whether right or wrong, De Leon always insisted he was right. He made it impossible for any but his devotees to work with him."

The third convention of the I. W. W. went off relatively smoothly. The attempt by anarchists and syndicalists to pass a resolution against the organization's political activities was defeated by a vote of 113 to 15. De Leon spoke at length and cogently for the majority. But the dissident delegates refused to acquiesce in defeat. On leaving the convention they began to seek adherents to their views among the socialists and others. By the time the fourth convention was opened they had won over the members of the executive board and were on hand with a large delegation of what De Leon called the "overall brigade." Completely in control of the meeting, these leaders refused to admit De Leon and others as delegates and proceeded to repudiate the political clause of the Preamble. Another split became unavoidable. The new majority went in the direction of non-

political syndicalism and subsequent destruction during the First World War, when the outstanding I. W. W. leaders (including Haywood) were arrested and convicted for antiwar activity. The minority of De Leonites formed a new organization, the Workers International Industrial Union —which was in fact the defunct Socialist Trade and Labor Alliance under a new name and which never gained enough members to affect the trend of the American labor movement.

De Leon, disappointed but not discouraged, persisted in his prodigious labors as editor and socialist propagandist. The quick disruption of the first genuine industrial union, after twenty years of intensive effort, must no doubt have struck him with the frustration of futility. A master of self-discipline, however, he proceeded to write his daily editorials and to deliver his lectures with his wonted dialectical dexterity. He remained as certain as ever that the advent of the socialist republic was only a matter of time. His rigorous adherence to Marxian principles drove him to denounce everyone in the party who appeared to veer from them. Among those to receive the sting of his condemnation were, as already mentioned, some of his most trusted lieutenants and his eldest son. To the end of his life he valued men only as the agents of ideas; once they ceased to represent the ideas dear to him they appeared to him as empty and worthless shells.

Throughout his career as a socialist leader he knew poverty intimately. His salary as editor was small and frequently unpaid—a balance of about $3500 was subsequently paid to his widow—and he had to eke out his living by such extra work as the translation of books and the preparation of briefs in international law. Although he never had enough money for the needs of his family, he refused to write on socialist topics for commercial periodicals. Yet he had a deep capacity for joyous living and found active contentment in his modest home and fond family.

He died in May, 1914, exactly twenty-five years after he had left the cloistered campus for the strenuous existence as an apostle of socialism.

The worst that can be said against Daniel De Leon is that his mind functioned with such fanatical inflexibility as to blind him to the psychological complexities of human nature. He was so certain he was right that he made no allowances for differences of opinion or altered conditions. Under his leadership the Socialist Labor Party became a sect adhering closely to abstract doctrines. Its rigid discipline and complete scorn

for the sops required by unenlightened workers kept it stunted and sterile. Unlike the man from Mars, on whom De Leon called to examine the contradictory nature of capitalism on earth, he himself insisted on adjusting the facts to theory and not otherwise. His emphasis on principles over men, combined with an irritating air of righteousness—as if Marx's mantle were his special privilege—caused him to clash with men of merit and subject the party to chronic discord and a series of schisms. Louis C. Fraina who, though he had resigned from the party, wrote an article of warm appreciation about De Leon at the time of his death, declared that "his wrong judgments of men often led him to harsh measures, rousing unnecessary antagonism." Nor was his free use of sarcastic and offensive epithets a means of mollifying opposition.

Yet this criticism gives but the negative aspect of his character and activity. From a positive standpoint he may be said to belong to the small but precious band of visionaries who are completely dedicated to an ideal and seek its realization with all their concentrated strength. In this country William Lloyd Garrison comes closest to De Leon in mind and temper. The name of the abolitionist is revered in the North because circumstances favored his crusade against slavery. Although De Leon's cause—the liberation of the mass of mankind from economic servitude—is at least equally noble in conception and although he labored in its behalf with exceeding zeal, it failed to gain a following among the men it sought to benefit. American workmen, notwithstanding the great expansion of monopoly capitalism and its power over the economy of the country, continued to regard themselves as men of free and equal stature and therefore failed to appreciate the doctrine of the class struggle. Ready enough to fight for their rights when the occasion demanded and eager to strike for concrete and immediate advantages such as shorter hours and higher wages, they refused to trouble their minds with abstract concepts or ultimate goals. It was easier for them to revile the idea of socialism as the subversive doctrine of foreign agitators. Because De Leon was the most extreme and most uncompromising of the socialists, his voice remained a cry in the wilderness.

Nevertheless, he may still be snatched from oblivion—despite the efforts of those socialists who, out of party pique, have deliberately either ignored or belittled him. For time is on his side. A man of broad culture and deep learning, he became the first outstanding interpreter of Marxism.

He had no sooner embraced socialism than he began to disengage the radical movement from German domination and adapt it to American conditions. His synthesis of the anthropological conclusions of Lewis Henry Morgan with the historical and economic doctrines of Karl Marx, if uncritical and no longer quite acceptable, was in the 1890's a positive contribution to the study of socialism. An ever greater achievement, of course, was his theory of the revolutionary industrial union. "De Leon's name," wrote Fraina,

> was synonymous with revolutionary Socialism—that Socialism which rejects compromise, recognizes the social value of reform but refuses to deal in reform, and considers revolutionary Industrial Unionism as the indispensable basis of Socialist political action and the revolutionary movement as a whole. De Leon saw clearly the impending menace of State Socialism, particularly within the Socialist movement, and his whole programme was an answer to that menace.

His temperamental deficiencies, which his opponents exaggerated to the extent of impugning his intellectual integrity, manifested themselves only in his truly heroic effort to keep the socialist movement in line with Marxian principles. In this respect he asked for no quarter and gave none. His caustic attacks upon those who differed with him must be explained in the light of his complete devotion to a cause which he held dearer than life and the success of which required complete unity and revolutionary discipline. But social evolution tends in the direction of the economic democracy envisioned by De Leon—tardily and tortuously yet indubitably—and society may one day salute the dreamer who preached the ideal long before it was perceived by men of lesser vision.

EDUCATION FOR VOCATION

By SIDNEY HOOK

The education of the future will in the case of every child over a certain age, combine productive labor with education and athletics not merely as one of the methods of raising social production but as the only method of producing fully developed human beings.—KARL MARX[1]

NOTHING IS MORE FAMILIAR than the contrast drawn by modern educators between liberal education and vocational education. But as soon as we try to track down the specific differences between them we discover that no hard and fast lines can be drawn. Usually a liberal education is so defined that if it has any other end beyond itself, if it involves more than the joys of consummatory experience, it is illiberal. It thus automatically excludes any activity connected with "earning one's living." This conception reflects elements drawn from both the Greek and Hebraic traditions. In ancient Greek society most citizens did not have to earn their own living. The work of the world was performed by slaves, and concern with material *means* was the distinctive mark of the *menial* in spirit. According to the Hebraic legend, work in the sweat of his face is man's curse and punishment. With primitive tools or none at all it could hardly have been conceived differently. But it recognizes in a dim way that it is work which makes man human. The knowledge to which it is counterposed is not imperfect human knowledge, laboriously acquired by a body of clay, but divine. Man is expelled from the Garden of Eden because he has sought to become like unto God: his earthly career begins with the quest through *work* of human knowledge and happiness.

In the modern world liberal education has always been a serious enterprise despite the existence of some students who did not take it seriously, who regarded it as a personal adornment or a badge of social superiority. It was always connected with earning one's living although the "livings" were of a highly selected sort. The notion that the opposite

[1]*Das Kapital,* I, edited by Karl Kautsky, 8th ed. Berlin, 1928, p. 425. In the interest of the context, I have freely rendered *"Unterricht"* (literally "instruction") as "education," and *"Gymnastik"* as "athletics."

of the liberal arts was the useful arts and that therefore the liberal arts could be designated as useless, would have been dismissed as preposterous even by the most traditional of educators. For the curriculum of the liberal arts colleges of the past few centuries trained for vocations, too. The teachers, ministers, lawyers, physicians, and better-paid public servants were largely drawn from the ranks of the college educated. A liberal arts education was in fact a sufficient preparation for many kinds of careers. Like the great medieval universities, but in a lesser measure, they were really professional schools.

In the contemporary world this is still true. But it is often concealed by dubbing some careers "professions" and regarding the others as "vocations." Flatly to contrast the "professions," even when we prefix the adjective "liberal" to them, with "vocations," is to express an invidious distinction. It is derived from the scorn felt by those who imagine they use only their brain as an instrument in earning their living, toward those who seem to use only their hands. It is explained mainly by the fact that most "vocations"—in ordinary times—carry with them less power, less money, and less prestige in the eyes of the community, than most professions.

When does a "vocation" become a "profession"? Take the lowly street-cleaner on whom the health of our cities depends. Give him civil-service status after rigorous training and examinations, raise his income to that of college professors—the difference at present is not great—provide liberal pension and retirement allowances, give him the official title of "social physician," deck him out in a resplendent dress uniform, and before long his "vocation" will become a "profession," too.

A liberal education should do something more than prepare the student to earn his own living. But it should at least prepare him for it. The crucial question is *how* he should be prepared. No conception of liberal education is worth a second glance which professes to be unconcerned with the quality of the life a student will lead after he is through with his formal schooling—a life in which the fruits of his schooling first become apparent. All the great educators of the modern world, despite their differences as to what constitutes the best education, agree that it should be complete in the sense that it should fit men to grapple with their duties as citizens of the community. But a citizen of the community is not only a "political" entity. He is a producer, a consumer, a potential

warrior, a critic, a teacher in some respects, a learner in others. He is sometimes more of one or another. But in the life of the citizen all are related. This thought was expressed long ago by John Milton whose conception of a "complete" education is a measure by which we may still judge what belongs to a desirable education and how it belongs. "A complete and generous education," he said, "is one that fits a man to perform skilfully, justly and magnanimously, all the acts, both public and private, of peace and war." Vocational education is part of a complete and generous education.

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The fundamental problem of vocational education today is whether it should be considered as a form of vocational *training*, serving industry and government, or whether it should be considered as an aspect of liberal education in which preparation for careers in industry and government is justified *both* by the needs of a developing personality and the interests of the community. Here, as elsewhere, we can observe a meeting of extremes which in effect makes allies of the lily-pure academician and the tough-minded practical man. The first finds utterly distasteful the idea that vocational interests should obtrude on the course of study. In his heart he believes that students who study for any other reason save the sheer love of it degrade learning. They therewith prove themselves in his eyes to be no true students at all. The second regards liberal arts studies as initiating conventional preliminaries to useful subjects whose mastery has a cash value. Wherever possible, he seeks to give vocational courses a content that is directly relevant to the tasks that must be performed on the job. For all their opposition, both agree on sharply separating liberal from vocational study, although they differ in the grounds offered for the separation. Both are united in strong opposition to any plan to make vocational education integral to liberal education.

The type of education which today is specifically labeled "vocational" is largely job training. Despite the war of words raging against its narrowness, it is enjoying a mushroom growth, especially in the higher reaches of the educational process. It is easy to understand this growth. School is short, life is long, and no one enjoys an enforced leisure without comforts. The desire to prepare for a dignified and well remunerated calling is perfectly legitimate. Where it is absent, a society is in the last stages of decay. The greater are the immediate opportunities for employment, the

greater is the demand for special training from industry, and the greater is the interest in vocational subjects among students, particularly among those who are unhappy with the traditional course of liberal education and, as they quaintly put it, want something more "serious." Educational administrators responding to the needs created by the war have looked with marked favor upon plans for extension of vocational education. Returning veterans have voiced their intentions of concentrating on an education which will qualify them for new jobs in new industries and better jobs in old ones.

Vocational education conceived as job training represents the greatest threat to democratic education in our time. It is a threat to democracy because it tends to make the job-trained individual conscious only of his technological responsibilities but not of his social and moral responsibilities. He becomes a specialist in "means" but is indifferent to "ends" which are considered the province of another specialist. The main concern becomes with "getting a job" and after that with "doing a job" no matter what the political direction and moral implications of the job are. Social programs are judged simply by whether they promise to provide the jobs for which the technician is trained. If a democratic community can supply the opportunity for work, well and good; if it can't, and a totalitarian party or government offers the opportunity, why not? Observers have noted that the technically trained students in institutions of higher education in Germany and Italy have in the mass been much more susceptible to totalitarian propaganda than students whose education has primarily been in the pure sciences. An education that is narrowly vocational, without cultural perspective or social orientation, unillumined by knowledge of large scientific principles considered in a large way, undisciplined by a critical method that sets the range of relevance for methods of technical thinking, is even worse for democratic purposes than a narrow and pure scientific training which, as a special kind of professionalism, is bad in its own way. For the problems on the job are *application* of scientific knowledge in contexts of social values and human relationships. And it is these which conventional education persistently ignores.

The high incidence of interest in vocational training among youth today reflects the expectation that our economy will have a place for them. The underlying assumption is that the seller's market for the vocationally trained will indefinitely continue in peace as well as in war.

This is far from being a sure thing. The history of American capitalism does not provide grounds for great confidence. Vocationally trained talents rusted for almost a decade after the depression. Educators made desperate efforts to revamp curriculums so as to keep youth out of the labor market. We may witness the same thing again. Dearth of vocations may be the most powerful argument against vocational education of the present type. But it would be the weakest argument, and the wisdom it would enforce, besides being costly, would be limited. For even if prosperity were to continue unabated in years of peace, there is no reason why a truncated vocational education should be substituted for an integrated liberal one. We could well forego the difference in national wealth that would result from keeping young people out of the labor market for a few years, if it added to the immeasurable but more genuine wealth of a well informed, critically minded youth.

Such a critically minded youth would think not only about jobs but about the economy as a whole which provided the jobs and sometimes took them away. Such a youth would not be educated to "adjust" themselves to an economic and social order as if it were as perennial as the course of the stars. They would be encouraged to view it in its historical development. They would be taught to recognize its present-day problems as *occasions for choices* which they, among others, had to make. They would adjust not to the present but to the future as if it were present. To adjust to the future as if it were present is never an automatic reaction in human beings. For it is the essence of reflection.

There is a paradox connected with vocational training. The more vocational it is, the narrower it is; the narrower it is, the less likely it is to serve usefully in earning a living. Techniques, know-hows, operative skills change so rapidly in industry that the student who has been trained to perform certain specific tasks runs the risk of suffering from what Veblen called "trained in capacity." This is particularly true for manual crafts. For all their previous vocational training, those who are muscle-bound, either physically or intellectually, must unlearn and relearn if they are to continue to earn their living. Proper vocational education stresses doing, of course. Its skills are largely practical, not abstract. But at the same time it must nourish and strengthen powers of flexibility which will enable students to breast the waves of vocational changes intelligently. To a certain extent this is achieved in the kind of vocational

education we call "professional" about which I shall have more to say later.

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The indictment against vocational education summarized above would be signed with both hands by those who desire to keep liberal education uncontaminated by concern for earning a livelihood. They offer two distinct solutions to the problem. The first is a sharp separation between liberal arts education and vocational education. Liberal arts education above the elementary levels, is to be open to anyone who can qualify for it. After it is completed, it may be followed by vocational education. The second solution is much more radical. It has the great merit of making the problem disappear from view. It proposes that vocational education be left to apprentice experience on the job, and that the schools abandon all vocational instruction. I shall discuss this proposal first.

"The thing to do with vocational education," says Mr. Robert Hutchins, "is to forget it. As the war training programs in industry have shown, industry can train its hands if it has to, and can do it at lightning speed."[2] If one believes this and also holds, as Mr. Hutchins did a few years ago, that individuals may be divided into those who are "hand-minded" and those who are not and that the former cannot derive large benefits from a liberal education, the prospects of continued education beyond elementary levels for a large section of the population would appear bleak indeed. But even if we surrender the view that individuals can be segregated into the "hand-minded" and the verbal-minded, the reason offered for abandoning vocational education is far from convincing.

It is one thing to train men and women in a national emergency for jobs that are temporary, and whose temporary character is emphasized in order to draw people away from other pursuits, not needed in war, for which they may have inclination and capacity. The human costs are justified by national need and much of the economic costs are underwritten by the government. It is quite another thing to make the choice of a lifetime vocation dependent upon the happy chance that individuals who have completed their formal education without any conception of what they are qualified to do, will stumble upon just the right thing. After all, the better part of one's waking hours is spent on earning a living unless one is a man of leisure, a prizefighter, or a college president. The very fact that for many people life begins when work is over is a sign

[2]"Education for Freedom," *Christian Century*, November 15, 1944.

that they may have been miscast in their occupation. An intelligent person can hardly give too much thought to the problem of discovering the type of work which will afford him an opportunity to bring his best talents into play and therewith get the sense of significant achievement. Plato's insight is still valid: as a rule most people are happiest doing the work for which they are best qualified. That is why a good education is one which helps the individual discover what he is best qualified to do —no easy task. And that is why—and here we go beyond Plato—a just state strives to help its citizens to realize their voluntary and intelligent choice of vocations by equalizing relevant, educational opportunity.

Is it true that training-on-the-job and at "lightning speed," too, can be adequately substituted for vocational training? It would be hard to distinguish between skilled and unskilled work if this were so. There are two gross confusions in the recommendation that the main varieties of vocational activity should be learned on the job. The first is confusion between certain types of work which almost anyone can adequately do in two weeks of training or less like punching a machine or doing nurse's aid, and other types of work which require years of preparation like designing precision tools or medicine. Hazards to health and wealth would mount dangerously if all vocational education took place on the job.

The second confusion is between specific skills, knacks or tricks of the trade that are always learned best on the job because they change so rapidly, and basic principles whose mastery facilitates the acquisition of these skills. Professional education in medicine, engineering, and law is vocational, too. The schools cannot teach the things the physician learns at the bedside, the lawyer in court, the engineer when a particular dam gives way. But without an education in general principles, these practitioners would not know enough to learn from experience. Experience is the source of knowledge, not a guarantee of knowledge; not even total immersion in the stream of experience will fill an empty head.

Those who speak of vocational training on the job would never apply this piece of wisdom to the professions because professions, forsooth, are not vocations. But they owe us a justification of the distinction. Some vocations demand for their most effective performance more theoretical education than others. But this is only a matter of degree. And as we shall see, there is some kind of "theoretical" education which should be a *sine qua non* of all "vocational" education.

The more plausible solution presented by academic traditionalists who agree with our indictment of present-day vocational training is to recognize the legitimacy of education for a living but to separate it sharply from liberal education or "education for freedom." The individual is a citizen. He must therefore receive "education for freedom" which is identical for everyone. He is also a worker with a special job to do. He must therefore receive "training for a job" which will not be identical for all individuals. But the two kinds of education have nothing in common. As Alexander Meiklejohn puts it in answering the question how men can be free in modern industrial society:

> Now the American theory of freedom answers that question. It does so by distinguishing Education for Freedom from another kind of education. In a free society, we say, every citizen has two different parts to play. He must, therefore, have two different educations. *Unless we can sharply separate these two sets of learning, we cannot understand what the American doctrine of free institutions is.*[3]

To some extent this is a description of the way in which much of vocational education actually functions today. At various levels students are given instruction in certain liberal arts although the instruction lacks the content and uniformity Mr. Meiklejohn thinks desirable: and there then follows a purely vocational training.

But it is this very *separation* between the two kinds of education which is pedagogically defective. Vocational education is simply overlaid on liberal education. The bearings of the general ideas and philosophy acquired through liberal education are not integrated with the vocational subject matter at the points where they are the most important. Why a man works, the effects of his work, its relation to the tasks of the community are questions quite germane to his vocational activity. They are best studied in specific contexts. The worker remains a citizen while he is at his job. His knowledge of the fact ofttimes will make a difference to what he does and how he does it. What is called a liberal education should be a continuous process, and there is no reason except unfamiliarity with the idea why vocational education should not be liberalized to include the study of social, economic, historical, and ethical questions whenever relevant instead of assuming, as in the existing practice,

[3] "Equality and Education," radio address of February 14, 1944 (Mutual Broadcasting System). My italics.

that education in these matters is something already gone through and forever done with.

Should liberal arts courses be given in addition to the practical courses in vocational education? Or should practical courses be taught in such a way as to introduce an historical and social awareness, knowledge of scientific method and sensitiveness to persons and ethical principles into consideration of concrete problems? Neither procedure can be laid down as a fixed principle to be followed although the second is educationally preferable. It depends upon the type of course and the specific subject under study.

The greatest obstacle to this attempt to integrate vocational and liberal education flows from the suspicions of the specialist against introducing anything outside the narrow confines of his specialty. He regards cultural studies in professional schools as a kind of academic "boondoogling." It wastes time which in his eyes is already insufficient for the technical matters students should know. The specialist has a natural tendency to view the whole curriculum from the standpoint of his own professional concern. He recognizes how narrowing and educationally disastrous such a perspective is when it is drawn by *other* specialists. This recognition should serve as one of the checks upon his natural appetite. Even in liberal arts colleges, as we have already observed, many subjects, particularly the sciences, are taught from the specialist's point of view to the detriment of broader understanding and abiding interest on the part of students most of whom, if they become specialists, will be specialists in something else.

Recent tendencies in our best vocational schools, viz., our professional schools, show a growing realization that vocational and liberal education cannot be sharply separated. A dawning perception is now manifest that the best specialist is not necessarily the man who has received the most vocational training. The work of the physician, the work of the lawyer, the work of the engineer in different ways demands a *continuing* familiarity with subjects that would seem to the specialist to be utterly irrelevant to his proper vocational tasks. Yet as the *Report of the Commission on Medical Education* made clear years ago "the health" of the individual is as much a social concept as a biological one. It did not say this in so many words but it is unmistabably implied in the following key passage from its report:

> Medical education should emphasize to students the influence of urbanization, industrialization, and present-day conditions of living which are important in the causation, treatment, and prevention of disease. These factors must be appreciated if the physician is to perform his function of advising patients in regard to their health problems. The unit of practice, regardless of how medical services are organized or how social organization is changed, will continue to be the individual patient. If the individual is to obtain the most helpful counsel, it is important that the physician be acquainted with the social, economic, and other environmental factors which have an influence on the individual and his health.

These observations, unhappily not yet given force in the curriculum of most medical schools, apply in principle to other fields as well. The best illustrations of legal education today incorporate large bodies of psychological, sociological, and economic analysis into the course of study. The lawyer who knows nothing more than "the law books" is ill-equipped to practice law, handicapped in judging when he is elevated to the bench, and hopelessly at sea when he is called in to advise on, or participate in, the determination of public policy. Although there is a wide acceptance of this truth, actual curricular practices lag far behind.[4]

Whether it be business or journalism, government service or social work, engineering or communications, the subject matter of these fields cannot be properly mastered without including much more than vocational techniques. Sometimes the interrelation of studies flows outward, so to speak, from a consideration of problems *within* the technical field, for example, in the study of peptic ulcers in medicine or tax laws in accountancy. Sometimes the integration of studies is achieved by considering the relation of the entire field to the social and political context, for example, the nature and limits of freedom of expression in radio, cinema, and newspaper. An apparently hackneyed theme like censorship in any one of these fields opens up fundamental philosophical and social questions of the most momentous practical importance. The merely trained, run-of-the-mill technician takes sides on such questions without understanding what it is all about.

Another obstacle to the program of integrating liberal and vocational studies is the almost willful misunderstanding of what the program

[4]Cf. the ambitious recommendations for the reform of legal education in "Legal Education and Public Policy: Professional Training in the Public Interest" by Lasswell and McDougal, 52 *(Yale Journal)* 203.

recommends. Where vocational education is given, aside from the problems that open outward to other subjects, there are at least two fields in which the integration can take place. The first is the place of the calling within the social economy, and the relation of its professional ethics to the larger issues of social and ethical philosophy. The second is the study of the rationale of scientific method as exemplified in the industrial and technical processes, the inventions and leading ideas, which are used in the work of the special field. I say "exemplified" not "identified" because although the logic of scientific method is generically the same for all fields, the specific techniques of reaching warranted conclusions will reflect the differences between the subject matters thought about. This minimum program of interrelation, according to John Dewey, should contribute an essential part of modern liberal education:

> A truly liberal, and liberating, education would refuse today to isolate vocational training on any of its levels from a continuous education in the social, moral, and scientific contexts within which wisely administered callings and professions must function.[5]

As an illustration of a typical misunderstanding, let us consider a direct comment on this position made by Mr. Hutchins:

> A truck driver cannot learn to drive a truck by studying physics, chemistry and mathematics. . . . The truck driver, both as truck driver and as citizen, needs to learn to control himself, to take his place in a democratic organization, to discover the meaning and aim of his existence and of the society of which he is a part. Musing over the laws of thermodynamics as he drives is doubtless better than musing over some other things; but it is not likely to prevent him from wrecking both his truck and his life.[6]

Mr. Hutchins' illustration speaks worlds. There is no vocational curriculum on "How to Drive a Truck" in any reputable institution in the country. I doubt whether there is even a course! There are courses in the physics of gas engines which is something quite different. But aside from what we will find or not find in our congested curriculums, driving a truck is precisely one of the things which it is *not* the business of vocational education to teach because it is learned in the same way that everybody learns how to drive a car or a bicycle. It is even questionable whether piloting or navigating a plane, which requires skills that cannot be safely learned on the job without considerable previous instruc-

[5] *Fortune*, August, 1944, p. 156.
[6] Christian Century, *loc. cit.*

tion, should by itself constitute the subject matter of a vocational course. Vocational instruction should be given *in the basic principles that govern a whole class of practical skills for which the individual has a bent or interest.* It should not aim at robotlike conditioning of human machines to other machines. Truck driving is as honorable a pursuit as any other but why assume, as Mr. Hutchins apparently does, that whoever begins with it must necessarily remain with it? The function of knowledge of thermodynamics wherever it is pertinent to vocational education is not to be mused over by the driver in the cab of a truck. That would be almost as dangerous as musing over "the meaning and aim of his existence," which Mr. Hutchins would apparently substitute in its stead. The function of such knowledge when it has been given vocationally is to enable the truck driver if he so desires to master other tasks, to make himself eligible for other vocations, perhaps better paid, perhaps more congenial, perhaps more interesting.

That the truck driver needs to learn to fulfill his duties in a democratic community *both* as truck driver and citizen is a welcome admission by Mr. Hutchins. A continuing education in the problems and issues of democratic social life is precisely what Mr. Dewey recommends as part of the curriculum of all vocational education. The difference between them on this point is that for Mr. Hutchins, since these matters are decidable by eternal truths previously imparted by liberal education on its appropriate level, no further instruction is necessary when job training occurs; whereas for Mr. Dewey questions of social policy and direction, which affect the truck driver as citizen and truck driver, demand a continuous and specifically related study.

This is not confusing liberal and vocational education. It is relating them in such a way that no matter how a man earns his living he will not lose sight of the communal traditions to which he owes his knowledge and skills, the communal responsibilities he shares with his fellows, and the communal tasks to which he can make his distinctive contribution. Vocational education which fails to do this is illiberal and had best be abandoned.

The difficulties of giving organizational form to this integrated curriculum are tremendous. But they must be faced. There are certain healthy developments in existing practice which should be encouraged. In many courses in the liberal arts colleges today an attempt is made to provide

either some work experience or firsthand contact with practical activities in which general principles are given application. Instead of being done in a haphazard and episodic way, this should be systematized.[7] During the third and fourth years of the typical liberal arts college studies are concentrated around a vocational interest but in isolation from the vocation. Guidance by self or others is hardly likely to be sound unless the student is given an opportunity to savor for himself the quality of his prospective vocational career.

The desirable integration between liberal and vocational education cannot be achieved on a wide scale until the schools and colleges revolutionize their entire attitude towards the vocational future of their students. They must recognize that vocational future as in large part *their* future responsibility, too. Until now the schools have naturally been most interested in what happens to the student while he is studying. And next to that they have been concerned with the problem of his past education not to mention the competitive devices of enrolling him. What happens to the student after he has finished his studies or received his diploma is regarded as completely his own individual concern. In one sense of course it is. He is on his own. In another sense he really is not on his own until he is given the chance to bring his capacities into action in the most appropriate place for them. The school co-operating with all agencies of government and industry should help him find that most appropriate place. It is then that the student is truly on his own.

It is not true that the right man always finds the right place by his own unaided efforts. It is just as true that his right place is found by someone quicker, someone nearer, someone more adroit in the political handling of people than in the capacities demanded by the job. And for many occupations it is even truer that his right place is given to someone else who knows the right people or is born into the right family.

It would be utterly Utopian to expect every man to find his right place. For many more things determine what constitutes "the right place" than the public good or bad that would result from an individual's filling it. But it is not Utopian for educators to accept as a working ideal the general principle of civil service—vocational opportunities should go to those who best merit them. There are many vocational opportunities

[7]The single example of systematization is the Antioch College co-operative work-study program.

which are best merited by those who *can* get them, especially when the qualities displayed in the getting are the same as the qualities required in the doing. But there are many more vocational opportunities in which there is no intrinsic connection between the two sets of qualities. It is in respect to these opportunities that the schools must extend their vocational guidance to include voluntary, co-operative placement.

The word to emphasize is voluntary. For industries and government agencies will co-operate with schools only if they discover that students recommended as the most likely prospects for vocational openings actually succeed as a rule much better than those who are not recommended. The co-operation would be a genuine two-way process with mutual benefits. On a small scale in certain corners of highly technical vocational curriculums this is now being done primarily for economic reasons. But it is the social and educational validity of the practice which should be stressed, since there are numerous vocations in which the economic advantage, considered only in terms of dollars and cents, cannot be easily assessed. The extension of this practice depends largely upon its recognition by educators and the leaders of the community as an effective method of meeting the rightful claim of the qualified individual for a chance to make good.

It depends upon more than that. As is the case with every other basic educational insight, although it can be given some institutional force here and now, it cannot be built into the fabric of social life without a profound change in the pattern of our economy. It waits for the time when instead of using individuals as instruments for the production of wealth, the entire economy will be conceived as an instrument for furthering the all-around growth of individuals in a democratic society.

PATENT POOLS

By ALEXANDER MORROW

AMID THE FURORE excited in recent years by the international cartel, that prevalent form of American cartel—the patent pool—has been comparatively overlooked. The domestic patent pool has exerted greater influence upon our economy. But it is not in the limelight, perhaps because its dealings have usually lacked the melodrama of secret agreements with sinister I. G. Farben. Yet an international cartel could not be establisshed if various national cartels did not exist.

While, relatively, a handful of the largest corporations have participated in international cartels, many companies of varying size in nearly every American industry have set up patent pools. Indeed, most patents of value are held and administered by these pools.

Patent pools are a technological imperative in modern industry. The development of those industries which are the characteristic symbols of our age—aviation, automobile, chemical, oil, and others—would have been gravely hampered if the patent pool had not been devised to remove the patent deadlock which would otherwise retard the employment of new inventions.

In modern industry two or more inventions may have to be used together. If the patents on these inventions are controlled by different persons, a stalemate will arise. Technical progress in those fields will be obstructed and a technological impasse created. Stated differently, the domain of science is an organic whole which is constantly being enriched by the efforts of innumerable men. A patent is an exclusive patent right to one invention vested in one person. Science and the useful arts are checked unless related inventions embodied in sundry patents can be used together.

But apart from this necessity to pool patents to enable technological progress to continue, the patent pool frequently has other purposes which make it akin to the European cartel. Many pools, nestling behind the patent laws, endeavor to regulate prices and production and to assign territories to their members. Since our patent laws grant a monopoly of

seventeen years to the patentee, it has proved difficult to determine how far the patent monopoly can extend without violating the antitrust laws.

The doctrine of the courts has been that where the patent agreement exceeds any reasonable exercise of the monopoly granted by the patent laws, such an agreement is in violation of the Sherman Act. Now, this doctrine is rather easy to apply to patent combinations that are based only nominally upon patents and are transparent devices to regulate production, markets, or prices in a particular industry. It has thus far been more difficult to determine where the patent laws leave off and the prohibitions of the Sherman Act begin to operate in those cases where the patents are of value and the combination is really necessary in order to achieve the use of patents held by different parties.

This problem has concerned the legal mind and economic analyst for more than fifty years. The courts have pursued a course that, to the economist, has seemed to be wavering. Thus, in the '20's, the monopoly right granted by the patent law was stressed. In later days, the prevailing trend has been to circumscribe the patent privilege if it was in conflict with the antitrust laws. But even now the boundaries between the patent law and the Sherman Act have not been sharply delineated.

Although the patent deadlock has become increasingly frequent in the last two decades, it is by no means a new phenomenon. As long ago as 1882, the Supreme Court heard a case in which the need for cross-licensing because of a patent deadlock was clearly shown. The only way in which the deadlock could be overcome was for the litigants, Barker and Clough, to cross-license each other. If this had not been done, each inventor would have had to abandon his venture.

The nature of invention has been profoundly transformed since the establishment of our patent system. In that technological "age of innocence," the useful arts were only beginning to be touched by science. Inventions are now complicated and rest upon prior and concurrent invention. If a man undertakes to devise some new invention he must pursue his efforts amid many other inventions.

Because of the relative dearth of new invention at the time our patent system was established, no consideration was given to this question. The patent law does contemplate the possibility of two or more inventors being engaged in a dispute over title to a patent for the same invention. It provides for an "interference" proceeding in that situation. But there

is an utter disregard of the important fact that in modern industry two or more inventions may have to be used together.

This technological fact is fraught with many consequences. On the one hand, corporations frequently gain control of all patents on alternative ways of performing the same operation in order to prevent competitors from entering the same field. They may also have patents for "fencing in" so that others will not be able to go beyond their field of industrial operations. Still another phenomenon is the "scarecrow" patent, as it has been called by Professor Frazer.[1] Such a patent blocks the way to a whole field of invention. Its owner levies a toll upon those who wish to go beyond it.

In some instances, one company may not completely dominate the patents in an industry. Competing firms may be powerful and capable of withstanding protracted and onerous litigation. In that event, a patent pool must be established before the latest discoveries can be utilized. Mr. Louis Aronson related to the House Committee on Patents an experience which occurs frequently in business. His own industry was doll-making.

Mr. Aronson stated that he had obtained a number of patents relating to dolls. Although they were upheld as valid, two other manufacturers continued to infringe upon them. Nor could he, in turn, market his product in the most practical form without infringing upon their patents and becoming involved in expensive litigation. It was, therefore, determined that the various parties would take licenses under each other's patents and a corporation was formed to administer the patents involved.

There are many variants of patent pools. The simplest kind is an agreement between two or more companies to pool their patents for the purpose of common use by all of the members of the agreement. In another type, the members of the pool exchange patents and then license nonmembers who pay a royalty to the pool. Frequently, various restrictions are imposed upon the licensees. The third kind is the lease of patents on a royalty basis by the company owning the patent. The fourth is the leasing of patented machines.

Many trade associations also function as patent pools. This variety of pool may either limit the number of members as in the Automotive

[1]Professor Frazer's interesting testimony can be found in the report of the House Committee on Pooling of Patents (74th Cong., 1st Session, 1935), page 942.

Parts and Equipment Manufacturers Association or it may operate as an open pool. It may require the payment of royalties, as in the case of the aircraft pool, or there may not be any royalty levied as in the instance of the Automobile Manufacturing Association. The rule regarding membership obviously tends to control entry into a trade.

Patent owners may set up a holding company which only performs the function of holding and leasing patents. This is common practice in a number of industries.

The most complex type of patent pool comes into existence when patents are pooled by various patent owners and each member is allocated exclusive rights to a segment of the field which is within the scope of the pooled patents. The pool entered into by American Telephone and Telegraph, Radio Corporation of America, General Electric, Westinghouse, and United Fruit is the most famous illustration of this variety of patent pool.

Let us examine in greater detail the workings of specimen patent pools. Although the glass container and vitamin D pools have been dissolved, they illustrate how patents may limit competition and contribute to a monopolistic situation.

In 1911, an inventor developed the plunger-feed method of making glassware. The Hartford-Fairmount Company acquired these patents and thereafter became involved in protracted patent litigation with many companies. This litigation dragged on until 1928 when the company obtained a satisfactory conclusion over its patents. The Hartford-Empire Company—as it was now called—obtained patents on broader claims in 1937. This meant that, despite the fact that the narrower patents would expire in 1945, anyone would be excluded from using them, because the broader patents embraced those that had expired, and would remain in force until 1954.

Hartford had come in conflict with Corning Glass over patent rights. A division of pooled rights was made between these two companies, who between them divided the glass field. Article IV of the agreement stated that Corning was given exclusive rights to use the pooled patents in the field of bulbs for electric lamps, signal and optical glass ware, special resistance glass, chemical and cooking utensils and laboratory glass ware. Hartford was given exclusive rights in the glass container or bottle field.

After the patent wars had been won, Hartford-Empire embarked

upon a program of gaining control of the glass-container field. The company controlled many patents on machines required in this field of manufacture. Glass-container manufacturers would pay Hartford-Empire royalties and Hartford-Empire would regulate prices, markets, and the volume of output.

There were two large glass-container companies that possessed patents and powerful resources. Owens-Illinois and Hazel-Atlas entered into a pooling arrangement with Hartford-Empire on favorable terms. Hartford had to be generous to strong companies which could offer valiant resistance in patent litigation.

The Hartford-Empire Company threatened to sue Ball Brothers, the largest manufacturers of fruit jars in the United States, unless Ball paid royalties to the Hartford-Empire Company. The inducement that Hartford-Empire used was to give Ball Brothers, as far as it could, an exclusive right to manufacture fruit jars.

Ball Brothers were willing to become a licensee of Hartford if Hazel-Atlas would agree to restrict its production of fruit jars. Ball Brothers became a licensee of Hartford after Hazel-Atlas restricted its output of fruit jars to 300,000 gross a year.

The Hartford-Empire Company licensed many other firms. Their manufacture was limited to certain types of glass containers such as beer bottles, medicinal and toilet ware, liquor ware, food containers, and milk bottles. Hartford-Empire also prescribed the output of all companies except Owens-Illinois and Hazel-Atlas.

Ten companies made milk bottles. Three companies made fruit jars and their output was not restricted. Thirty-four companies produced packers' ware. A typical agreement with the Florida Glass Company provided that the licensee could manufacture milk and cream bottles. The output was fixed at first at 21,000 gross a year, but this figure was subsequently raised to 27,500 gross a year. Some licenses imposed restrictions as to territory, others controlling the customers who purchase the product. The Latchford Glass Company was limited to bottles for milk of magnesia and was not permitted to make any other kind.

Hartford-Empire frankly stated its policy of controlling prices and output in the industry. Mr. Smith, the president of the company, declared that no licenses would be granted to "price-cutters." Quite like the Euro-

pean cartel, Hartford-Empire assumed the function of stabilizing the economic structure of the glass-container industry.

Restriction of output, the control of prices, and allocation of territory characterized the glass-container pool. The economic effects of these practices involved higher prices for many goods which were sold in glass jars or bottles. Such a highly essential food as milk was one of the foods whose retail price was influenced by the high cost of the glass bottle.

In 1938 the Department of Justice filed suit against the Hartford-Empire Company for violation of the Sherman Antitrust Law. The customary period of prolonged litigation then ensued and it was not until 1945 that the case was finally decided.

A more recent disclosure of patent pool practice is that of the Wisconsin Alumni Research Foundation, which controls vitamin D patents. The foundation does not have any formal connection with the University of Wisconsin.

This foundation had been founded to exploit the discovery of Professor H. E. Steenbock in the field of vitamin research. Although the Foundation had pledged its efforts to safeguard the public against "unscrupulous commercialism," it had yielded to the same evil. The government charged the foundation with many of the practices made familiar by other patent pools. Among these were price fixing, cartel agreements with foreign companies, and an arbitrary division of the field among a few licensees.

The Wisconsin Research Alumni Foundation had licensed some pharmaceutical house to "activate" ergosterol to produce vitamin D; Standard Brands to "activate" yeast and yeast products; Du Pont to "activate" sterols except yeast products; S. S. Kovaks to "activate" sterols derived from yeast but not yeast; another group to "activate" flour and other crackers. The Foundation policed its licensees to see that prices were maintained. To eliminate world competition, the Foundation had entered into agreements with I. G. Farben and with Joseph Nathan of Great Britain.

The monopolistic effect of many patent agreements has been made more vivid in the present war period. A pertinent illustration is the New Jersey Zinc Company. This firm held two patents on two low-cost efficient processes for producing various grades of zinc. There was only one other practical method of making special high-grade zinc. This alternative

method was the higher-cost electrolytic process on which the patents had expired.

Jersey Zinc maintained a firm hold upon its position and had granted only one license for its fractionation process. This license had been granted to the American Smelting and Refining Company in settlement of an interference suit. The licensee was restricted to the manufacture of 5,000 tons of high grade zinc per year for exclusive use among subsidiaries.

Under its vertical retort patents, Jersey Zinc had only one active licensee—Du Pont. In this instance, too, restrictions had been imposed upon the licensee. Du Pont was limited to the production of two specific lower grades of zinc, of which the higher grade was not to exceed fifty per cent of the total production. Despite the exigencies of the war, manufacturers were compelled to use inefficient methods because of Jersey Zinc's refusal to grant additional licenses.

The automobile pool is a unique kind of patent pool. It is an undisputed fact that the extraordinary development of the automobile industry was possible in a considerable degree because of the removal of a technological deadlock, which in this instance did not result in stifled competition and all the other evils of a cartelized industry.

Perhaps this satisfactory arrangement in the automobile industry was a sharp reaction from the vicious kind of patent monopoly which existed in the automobile industry in the early days.

At that time George B. Selden, a patent attorney, organized a patent pool to which approximately seventy manufacturers paid royalties. Henry Ford attempted to join the pool but was rejected. He then decided to challenge the validity of the Selden patents. After several years of patent litigation, Selden's patent stranglehold upon the automobile industry was broken.

The automobile manufacturers viewed these events gladly. In order to avoid litigation and the difficulties resulting from patent disputes, they set up a cross-licensing agreement. All, except two or three of the members of the trade association which is now known as the Automobile Manufacturers Association, are now parties to the cross-licensing agreement. The term of the agreement was for ten years. Members pooled their patents, and each one was permitted to use all of the patents in the pool without payment of royalties. Unlike others, the automobile pool provided that any manufacturer could become a member upon application.

This type of patent pool has been of great benefit. It has eliminated patent litigation within the industry. It has prevented a patent deadlock without setting up a system of restrictions on prices and output. Unfortunately, however, the automobile pool is clearly an exception. Most pools have followed the tendencies of the glass-container pool, although they usually have not reached its extreme lengths.

A substantial part of the impetus to investigate the economic consequences of the patent pools flows out of the TNEC inquiry. Various patent pools were examined and an attempt was made to explore the terra incognita lying between the Sherman Act and the patent laws.

A direct outgrowth of the inquiry was a more vigorous effort to enforce the antitrust laws by Thurman Arnold. (At present Wendell Berge has the job of enforcing these laws.) Thurman Arnold declared his faith in the competitive principle and said he would restore that principle "by enforcement of the Sherman Act on a nationwide scale, breaking down all restraints of trade which cannot be positively justified in the interest of efficiency of production and distribution." Unlike other antimonopoly campaigners, Arnold did not direct his efforts against the size of a particular business. He was mainly concerned with rigidity of price and the business structure.

Yet until it was determined how far the patent privilege extended, the patent pool could serve as the American version of the European cartel. A patentee was permitted to fix prices at which those whom he licensed to use his inventions could sell the patented product. The courts have held that "unless the industry is dominated or interstate commerce directly restrained the Sherman Act does not require cross-licensing patentees to license at reasonable rates others engaged in interstate commerce."

This decision evidently gives Congress the power to curtail any attempt to extend the patent monopoly, for Congress has the right to impose any restriction it may deem necessary to achieve its public policy with regard to monopoly, and, if monopoly has been brought about, the patent rights can be limited.

In the last few years, a valiant attempt has been made to define more realistically the relationship between the patent law and the Sherman Act. The Ethyl Case is one milestone in this process.

The Ethyl Corporation owned a patent on ethyl fluid which increased the efficiency of gasoline. The company did not ask for any royalty for the right to make and sell this gasoline, but it required the refiners to sell only to persons whom it had licensed. Dealers who did not follow the prices of the major companies were unable to get a sub-license. A fixed differential of two cents per gallon was maintained by agreement between regular and high test gasoline. Lawyers had devised the ingenious system of sub-licenses to control the marketing of the patented product in all of its stages.

In the ethyl decision, the courts established the principle that a patentee's right to control prices stops after a sale has taken place. The patentee may license the concerns to whom he sells the patented article and may prescribe the price at which the licensee sells the product. But beyond that point, the patent monopoly no longer applies.

The Univis Lens Company developed an ingenious scheme to evade the doctrine enunciated in the ethyl case that the patentee may not fix the resale price of a patented article. Univis sold unfinished multi-focal lenses to wholesalers who, in turn, sold finished lenses to the prescription retailers. Each marketing level was licensed to perform a finishing operation. The aim was to validate price control at every stage by making each factor in the marketing process an integral part of the manufacture of the patented product. The Supreme Court declared this arrangement to be in violation of the Sherman Act.

In the Barker Case, the Supreme Court opposed the extension of patent monopoly to embrace unpatented articles. In the Mercoid-Minneapolis-Honeywell Case, the Supreme Court held that the inclusion of any stipulation in a licensing agreement must be viewed under the general law rather than the patent laws.

The Minneapolis-Honeywell Regulator Company sued Mercoid for infringing patents in a heating system which it was licensed to manufacture exclusively. Mercoid retaliated by filing suit against Minneapolis-Honeywell on the ground that the latter company had tried to prevent the instalation in its heating system of Mercoid's thermostat. The Supreme Court sustained the contention of Mercoid, saying that any condition attached to a patent agreement going beyond the limited legal monopoly inherent in the patent itself is a violation of the Antitrust Act. In these

circumstances, the patent-holder forfeited the right to sue for infringement of his patents.

In the synthetic rubber patents decree, Standard Oil of New Jersey was required to grant unrestricted, royalty-free licenses on application. However, this action and a comparable one taken in the field of magnesium are related to the needs of the war emergency. In the supplemental judgment affecting high octane gasoline patents, Standard Oil of New Jersey was required to grant licenses on catalytic refining patents for a reasonable royalty to any corporation or person on application.

The recent Hartford-Empire decision indicates that the Supreme Court has begun to feel that it has reached the permissible limits of restricting patent privileges. In this case, the Supreme Court refused to support royalty-free licensing and to deny Hartford-Empire the right to defend its patents even though the flagrant abuse of patent rights had been clearly shown.

In the postwar period this question will be of immense importance. The war has stimulated technological advances in many industries. The fuller utilization of our resources requires that we prevent patent pools from being devices to control markets, prices, and production.

Although many antitrust suits have been instituted in the last few years, this is obviously inadequate. More drastic action is required to achieve an effective control of the problem. The scope of the patent monopoly should be definitely restricted. A patent grants an exclusive right to some discovery in the useful arts. Any attempt to go beyond this right to divide markets, to fix prices, or to stifle competition, should be subject to the Sherman Act.

Any patent which is used in violation of the law should be declared invalid and the patent holder should lose the right to sue others for infringement of his patents in these circumstances. All patent agreements should be registered with an appropriate government agency. Patents held by a patent pool that has failed to register would be considered null and void. The patent pool would then be deemed a conspiracy in violation of the Sherman Act.

The government should have the right to intervene in any patent suit. We frequently have at stake here more than a dispute between two private parties. Crucial economic issues may be in the balance, and the interests of the people are deeply concerned in a patent suit about which

revolves the price to be charged for an important consumer good and the level of employment in that particular industry.

Many persons have advocated compulsory licensing of patents. Certainly, where patents enable the patent holder to dominate a given industry beyond the monopoly rights specifically granted by the relevant patents, licenses should be granted to all persons even though the patentee is not guilty of any unlawful act under the antitrust laws. If a patent is not being used on a commercial scale three years after the issuance of the patent, the government should compel the patentee to grant licenses.

In addition to the above devices which involve legislative enactments and legal measures, the federal government should establish laboratories which will undertake research in various technical fields, the resulting discoveries to be made available to all upon the payment of a small royalty fee. In this fashion, it would become more difficult for patent pools to function in secrecy and practice their familiar skullduggery. Many useful inventions would thereby be made accessible to all. The government, as the holder of patents, would unavoidably become a party to patent agreements, and the public interest, which has hitherto been overlooked in patent pools, would then more likely be represented in agreements which have such exceeding importance to the nation.

The patent pool is one of the keys to postwar prosperity. As Supreme Court Justice Jackson said some years ago, "while the nation has forbidden monopoly by one set of laws, it has been creating it by another. Patent laws, valuable as they may be in some respects, often further monopoly. Unless we are prepared to reconsider the conditions upon which we will extend patent protection, we cannot have any consistent antimonopoly policy." The stern events of the last few years have underlined the social need for such a program.

HENRI BERGSON'S METHOD[1]

By SHOLOM J. KAHN

WHATEVER ELSE MAY BE SAID about Henri Bergson's merits as a philosopher, one fact remains: it is difficult to read him without a strong sense of excitement. Particularly in his more successful works, such as *Creative Evolution* and *Matter and Memory,* there is something intangibly unique about his approach and his style. This it is which has rallied enthusiastic advocates behind his views, and stimulated equally ardent opposition. The distinctive personality of his thought has in fact succeeded in introducing the noun "Bergsonism" into our philosophical vocabularies; and to "Bergsonism," few modern readers can remain coldly indifferent.

The distinctive quality in Bergson is his *method.* That is the thread which unites all of his thinking and writing and makes it one piece. It doesn't matter very much through which of his books you approach him: the themes are the same. More basically, the method is the same, and in that method lie both his strength and his weakness.

Bergson can best be described, I think, as a *poet-philosopher.* Not only was he a philosopher who often thought and wrote as a poet, but his attitudes toward experience were closely akin to those of a creative artist. Further, in his poetry-philosophy we see constantly reflected the impact of modern science, especially of the sciences of biology and psychology. It is in proportion as we share his interest in the problems of those sciences and respond to his poetry that we find ourselves caught up in the spell of his ideas.

The classic of literature which might best be compared to *Creative Evolution* is Lucretius' *De Rerum Natura.* Like Bergson, Lucretius expressed in eloquent terms a consistent view of the universe and of man's place in it, one which drew considerably from the scientific thought of his time. As with Bergson, what counts permanently in Lucretius is, not so much his specific doctrines, but rather his strong adherence to a

[1]Page references to *Creative Evolution* are to the Modern Library edition of Arthur Mitchell's Authorized Translation, Random House, 1944.

basic principle, and the sense we get from his writings of the importance of that principle and of the vivid light, the sharp focus, which it gives to all of experience. We find the same broad scope and unity of vision in Bergson; the same intoxication at the wonder of a world so conceived and so experienced; in brief, the same poetry. The absence of verse form is significant, of course, but surely not essential. In an earlier and less specialized age, Bergson might well have cast his inspiration into an epic form, like Milton, and written perhaps:

> To assert creative evolution
> And justify the freedom of Man in Nature . . .

II

First, for the poetry. The tradition of poetic philosophy is an ancient one, though it has surely lost out in the prosaic context of our contemporary cultural scene. Our poets seem to lack something—convictions, perhaps—necessary for serious philosophizing; and few of our philosophers are capable of creating dialogues or myths, as Plato did. Perhaps the reason is that philosophy has become just another specialty among other specialties, instead of continuing to be the all-embracing Wisdom which it was in other ages. Philosophy's "truth" has become the exclusive province of the sciences and experimental method; its "beauty" is now expressed in the complex forms of modern literature and art, and is the subject matter of the young "science" of aesthetics. To take an absurdly extreme example: nothing could be more difficult than to imagine the labors of our logical positivists translated into verse form!

Yet the spirit of poetry is not dead among our critics and thinkers, and of that spirit Bergson was a brilliant spokesman. Despite his learning and his erudite references to scientific writings, his key ideas and images were poetic in essence. It is interesting to note how many of his central themes he shared with the giants of contemporary literature. Like Bergson, our recent poets and novelists have been obsessed by the themes *Of Time and the River, Remembrance of Things Past,* and the inner texture of experience (Joyce and his followers). Like Bergson, too, they have been *psychological* in their interests, without being "scientific" in their methods of studying psychology.

The poetic attitude toward experience is one of relish in its infinite variety, combined with an effort to render that variety in forms which are unified and complete. Poetry and art give us the "feel" of life, its "full" reality, and those "inner contours" of which Bergson wrote so often and so well. Its ultimate method of attaining "knowledge" is precisely through a simple act of *intuition,* such as Bergson advocated for philosophy.

It is no accident that some of Bergson's most telling philosophical points were made by the use of poetic images. His famous *élan vital* is not really a valid scientific hypothesis, since either its proof or disproof would be a practical impossibility. As a matter of fact, Bergson described its nature and operation best by means of simple yet telling analogies. In the well-known opening to Chapter II, the image is that of an *explosive:*

> When a shell bursts, the particular way it breaks is explained by the explosive force of the powder it contains and by the resistance of the metal. So of the way life breaks into individuals and species. (p. 109)

In Chapter III, the comparison is to a *vessel of steam:*

> Let us imagine a vessel full of steam at a high pressure, and here and there in its sides a crack through which the steam is escaping in a jet. . . . So, from an immense reservoir of life, jets must be gushing out unceasingly, of which each, falling back, is a world. (p. 270)

At the end of the same chapter, the steam has become a *wave:*

> From our point of view, life appears in its entirety as an immense wave which, starting from a center, spreads outwards. . . . (p. 290)

It would be pointless to ask which of these images is "correct," as one might of an hypothesis, since they are all "correct" to the eye of the poetic imagination.

Not only did Bergson best express the essence of his *élan vital* by images, but, when pressed to explain the process of "creation," he continually fell back on the metaphor of the artist or poet. Thus, in order to explain the divergent tendencies of evolution, he wrote:

> The author who begins a novel puts into his hero many things which he is obliged to discard as he goes on. . . . So with regard to the evolution of life. The bifurcations on the way have been numerous. . . . (p. 111)

In describing the unity of life, he compared it to a poem:

> But through the words, lines and verses runs the simple inspiration which is the whole poem. So, among the dissociated individuals, one life goes on moving. . . . (p. 282)

To illustrate contingency, the image of a poem was used again:

> The generative idea of a poem is developed in thousands of imaginations which are materialized in phrases that spread themselves out in words. And the more we descend from the motionless idea, wound on itself, to the words that unwind it, the more room is left for contingency and choice. Other metaphors, expressed by other words, might have arisen. . . . (p. 348)

For his illustration of free creation and invention, Bergson naturally chose the picture of a painter seated before his canvas. (p. 370)

Bergson was conscious of his use of metaphor and of its importance in his philosophy. Thus, near the beginning of his book, he stated his conception of time again in familiar style:

> Wherever anything lives, there is, open somewhere, a register in which time is being inscribed. (p. 20)

—then went on to defend his poeticizing:

> This, it will be said, is only a metaphor.— It is of the very essence of mechanism, in fact, to consider as metaphorical every expression which attributes to time an effective action and a reality of its own. (p. 20)

Most of Bergson's images are extremely apt and illuminating; and some are witty, as in the following:

> Modern science is the daughter of astronomy; it has come down from heaven to earth along the inclined plane of Galileo, for it is through Galileo that Newton and his successors are connected with Kepler. (p. 364)

—but they are all compact of the essence of a poetic imagination. Additional instances, comparable to those already quoted, could readily be multiplied from most of Bergson's writings.

A superb example of "poetry" in Bergson is Chapter IV of *Creative Evolution,* which is built around a prolonged metaphor, in which the mechanism of thought is compared to a "cinematograph" (or, as we would say, the movies). This image catches the spirit and states the problem of modern science most admirably, but can, I believe, be used to suggest the exact opposite of Bergson's point of view. Unless we think in terms of Huxley's "feelies," the movies surely have gone as far toward reproducing the "inner contours" of experience as we could very well demand of any art. Indeed, it would be ridiculous to claim uniqueness for the form of a great artist's simplest brush-stroke, as Bergson did, without giving the screen due credit for its truly aesthetic achievements. (Such may not, as a matter of historic fact, have been evident in the

relatively primitive films of the first decade of our century.) Movement *can* and *should* be treated as a series of rapidly changing positions, or, in Bergson's phrase, "snapshot views," if we are to understand and analyze it. What more exact proof of this contention need we have than the extraordinary manner in which the movies actually do "create" a sense of reality?

Bergson's metaphor can thus be used to cut both ways, which proves how excellent a metaphor it is. There is always more "truth," "reality," and "experience" compacted in great poetry than our arguments, pro and con, can ever exhaust.

Nowhere was I more strongly conscious of the analogy of Bergson's method to that of Lucretius than in the section of Chapter II devoted to "The Development of Animal Life" (pp. 140-149). If the reader, after my random quotations, still doubts the label of "poet," let him put aside his scientific or metaphysical blinders for a moment and simply read these pages, which tell how

> Like eddies of dust raised by the wind as it passes, the living turn upon themselves, borne up by the great blast of life. . . . (p. 141)

Or let him turn to the conclusion of Chapter III and read its stirring words, which again compare the *élan vital* to a wave and its progress to that of a river:

> Life as a whole, from the initial impulsion that thrust it into the world, will appear as a wave which rises, and which is opposed by the descending movement of matter. On the greater part of its surface, at different heights, the current is converted by matter into a vortex. At one point alone it passes freely, dragging with it the obstacle which will weigh on its progress but will not stop it. At this point is humanity; it is our privileged situation. On the other hand, this rising wave is consciousness, and, like all consciousness, it includes potentialities without number which interpenetrate and to which consequently neither the category of unity nor that of multiplicity is appropriate, made as they both are for inert matter. The matter that it bears along with it, and in the interstices of which it inserts itself, alone can divide it into distinct individualities. On flows the current, running through human generations, subdividing itself into individuals. This subdivision was vaguely indicated in it, but could not have been made clear without matter. Thus souls are continually being created, which, nevertheless, in a certain sense preexisted. They are nothing else than the little rills into which the great river of life divides itself, flowing through the body of humanity. The movement of the stream is distinct from the river bed, although it must adopt its winding

> course. Consciousness is distinct from the organism it animates, although it must undergo its vicissitudes. (pp. 293-4)

As well try to "disprove" passages like these as try to "disprove" the rhapsodies of Zarathusthra. Despite their technical terminology, surely such sentences are alive with the vision and spirit of the Muses!

III

Bergson was a poet-philosopher, then, both with respect to his major themes and his methods of expressing them. Yet I have said that the impact of modern science is strongly reflected in his writings. *Matter and Memory* and *Time and Free Will* can be considered as studies in psychology; *Creative Evolution* addresses itself to the central issue of modern biology; and the pages of his books are peppered with scientific references. Mr. Ben-Ami Scharfstein's scholarship has traced for us in detail some of the many roots of Bergson's philosophy in the science of his time.[2] Is there any contradiction between these two sets of facts?

The answer to this question must be sought in an understanding of the split in Bergson's work between his *matter* and his *method*. He was, indeed, a thorough student of the findings and theories of biology and psychology and to a large extent built the main theses of his books around the results of modern scientific research. Yet his entire philosophic career might be described as a constant battle waged against the mechanistic implications of the *method* by which those results were obtained. He was obviously fascinated by the wealth of significant experience embodied in the works of laboratory scientists; yet his writings have proved to be one of the potent influences in the various antiscientific, antiexperimental movements of our times. This curious contradiction can only be explained in terms of an analysis of the respective relations of poetry and science to philosophy.

A typically partisan statement of the inadequacies of Bergson's hypotheses, from the point of view of the practicing scientist, is contained in a study by Hugh S. R. Elliot.[3] Mr. Elliot based his criticism largely on an analysis of Bergson's method. He asks: ". . . of what use to us is the direct intuition of Professor Bergson?" (p. 8) and propounds the inevitable problem: where a choice is necessary between *my* uition and

[2] *Roots of Bergson's Philosophy*, Columbia University Press, 1943.

[3] *Modern Science and the Illusions of Professor Bergson*, 1912.

Bergson's intuition, which of the two should win out, and on what basis should the choice be made? Shall it be *evidence*—or poetic appeal and persuasiveness?

Mr. Elliot then goes on to analyze the "methodological fallacies" he finds in Bergson's arguments. 1) The "mannikin" fallacy consists of stating arguments against all prevalent theories (treated as "straw men"), then offering your own solution and assuming it to be true, without adducing further argument or facts—a familiar rhetorical device. 2) "False analogies" are analyzed as *poor science* (though I have considered examples similar to those Mr. Elliot cites, as *good poetry*). 3) Certain other tendencies in Bergson are summed up as "misuse of words, premature generalization, paralogism at large." (p. 195)

Mr. Elliot considers the psychological origins of the method of intuition and shows to what extent many sublime intuitions have been *wrong* and have proved to be obstacles in the path of science, despite Bergson's insistence that they are the only path to the real truth. In conclusion, he challenges Bergson to produce concrete evidences of his theories of time, consciousness, and instinct (p. 245). In view of my analysis of Bergson's method as that of a poet-philosopher, this last can be considered useful only as a rhetorical challenge, which need not and could not have been answered by Bergson when he lived. One might just as well challenge Plato to show where his ideal "Republic" is located, or to produce the "multitudinous, many-headed beast" which he offers as "an ideal image of the soul"!

Bergson himself is quite explicit in his statements on the relations between science and philosophy:

> So philosophy swings to and fro between the doctrine that regards absolute reality as unknowable and that which, in the idea it gives us of this reality, says nothing more than science has said. For having wished to prevent all conflict between science and philosophy, we have sacrificed philosophy without any appreciable gain to science. (*Creative Evolution,* p. 216)

This passage, however, neglects to consider a third approach to reality, which Bergson himself advocates and exemplifies, namely, that of the poet-philosopher. In the last paragraph of *Creative Evolution,* he calls for a reformation of method in philosophy:

> Already, in the field of physics itself, the scientists who are pushing the study of their science furthest incline to believe that we cannot reason about the

> parts as we reason about the whole. . . . The philosopher must go further than the scientist. Making a clean sweep of everything that is only an imaginative symbol, he will see the material world melt back into a simple flux, a continuity of flowing, a becoming. (pp. 400-1)

The inner conflict in Bergson is here evident. Modern philosophy has given considerable productive consideration to the problem of flux and becoming; yet Bergson has not provided us with a serious philosophy of change so much as a challenging and dramatic series of "imaginative symbols" of change (such as he himself claims he would like to see dispensed with).

The key to Bergson's conflict lies in his conception of the nature and uses of *experience*. He was dissatisfied with the conception of experience which is implied in modern science:

> The faculty of knowing being supposed coextensive with the whole of experience, there can no longer be any question of engendering it. It is already given, and we merely have to use it, as we use our sight to take in the horizon . . . phantom or reality, what intelligence grasps is thought to be all that can be attained. (p. 209)

As part of his reformation of method, Bergson called for a new approach to experience:

> We must appeal to experience—and experience purified, or, in other words, released, where necessary, from the molds that our intellect has formed in the degree and proportion of the progress of our action of things. (p. 394)

In brief, he wants a type of experience freed from the limitations of scientific method. He wants to dissolve his scientific cake in the alembic of poetry—and to have it too!

The core of Bergson's methodological difficulty lay in his confusion of the realms of "inner" and "outer" experience, or what we usually refer to as the subjective and objective aspects of experience. Obviously, both subjective and objective elements are involved in poetry as well as in science; and experience, which is the product of the interrelationships of organisms with their environments, is the unitary base on which any sound wisdom or philosophy must build.

However, given that flux and eternal process of change and becoming which is human experience, we can use it in various ways. Both the poet and the scientist begin by dealing with the same raw materials, but their finished products do and should remain distinct in character. The poet's final result is a rendering of forms and feelings which are highly personal;

the scientist, however, abstracts from the complex but unitary experience those elements which can be expressed in universal laws. Art and science both involve communication, but art communicates qualities, while the sciences communicate by means of quantities. Individual artists shape and express the aesthetic qualities of life for all to experience—in this sense, they are indeed "creative"; but the scientist is engaged, together with all the rest of thinking mankind, in a search for truth.

The criteria of scientific truth are and must be collective: the growth of science is based on the cumulative experience of the ages, recorded in reports of experiments which later scientists are able to repeat. Scientific progress would be impossible without such simple processes as two laboratory workers on opposite sides of the globe comparing notes and checking one another's findings. Such a process of comparison is possible only if both men possess the same standards of measurement for their results. Therefore, science works with measurable quantities and requires a solid base in mathematics.

Bergson was fully aware of this issue of quality versus quantity when he wrote:

> It is of no use to hold up before our eyes the dazzling prospect of a universal mathematic; we cannot sacrifice experience to the requirements of a system. (p. 45)

(We should substitute for "experience" here some such phrase as "subjective," or "aesthetic," or "poetic experience.") Having spoken first of the function of mathematics in astronomy, physics, and chemistry, he continued:

> Nothing of the sort in the domain of life. Here calculation touches, at most, certain phenomena of organic *destruction*. Organic *creation*, on the contrary, the evolutionary phenomena which properly constitute life, we cannot in any way subject to a mathematical treatment. (p. 24)

We might well expect such a position from a rebellious poet, but not from a realistic philosopher aware of the achievements of modern science. Bergson's contention has, in fact, been given the lie by the extraordinary development of the science of biometrics in recent decades.

The science which applies mathematics to the processes of life was a young one when Bergson wrote, and is still in its relative infancy. In his sketch of modern science, Bergson gave biometrics full recognition, placing

this characteristic tendency at the heart of the modern development which he opposed so emphatically in his philosophy:

> What distinguishes modern science is not that it is experimental, but that it experiments and, more generally, works only with a view to measure. (p. 362)

Further, he recognized the significance of the development of the calculus in this connection:

> . . . modern science must be defined pre-eminently by its aspiration to take time as an independent variable. (p. 365)

This is indeed precisely what patient laboratory workers are striving to do with increasing success in the biological, psychological, and even in the sociological sciences.

Bergson insisted, however, on a total division of kind as well as of degree between inorganic and organic phenomena (p. 208). He pointed out the artificiality and abstractness which must inevitably accompany any mathematical treatment of life:

> Our standards of measurement are conventional, and, so to say, foreign to the intentions of nature. . . . (p. 239)

It is with this central point in mind that he developed his theories of time and memory and applied his highly individual method of intuition. It was his unwillingness to submit experience to the test of measurement which explains the inner contradiction in Bergson between his scientific subject matter and his most unscientific method of treating that subject matter. It was on the rock of mathematics that Bergson's scientific interests were shipwrecked; and, as a result, his philosophic disciples were freed to wander irresponsibly on the adventurous seas of his poetry.

IV

I have said that in Bergson's method lay both his weakness and his strength. His influence was very considerable, because of the eloquence of his style, his thorough and exciting development of a few key ideas, and the extreme relevance of those ideas to the central intellectual problems of his time. He succeeded in bringing important issues of scientific method to a head, by dint of his penetrating criticisms and his consistent opposition. His philosophy was part of that necessary process of self-criticism which the sciences have undergone since the late nineteenth century, and which has left contemporary scientists acutely aware both of some of the inherent limitations of their work and of the relatively

unlimited areas of subject matter which remain unexplored and in which they can still expect to make continued progress.

However, in addition to Bergson's healthy critical and corrective influence, he was also a major contributor to the wave of irrationalism which made such tremendous gains in Europe after the turn of the century, and whose full implications were finally revealed through the rise of Fascist dictatorships and ideologies. Take away the mainstay of experimental method and the reference to measurable standards of value, and the liberal world can do little more than drift with the tides of emotion and social passions. The tendencies against which Bergson fought with such eloquence must still remain the necessary foundation for any sound democratic society.

The influence of Bergson on radical political thought has been only superficially explored.[4] Criticism of Bergson on this score has often been perverted into an anti-Romanticism crusade by critics who prejudice the case to begin with through their narrow or mistaken conceptions of what the Romantic Movement involved. Leaving that issue aside for the moment, it nevertheless remains unfortunately true that Bergson's *élan vital* was an added factor, together with such works as Spengler's *Decline of the West,* in creating the type of intellectual climate in which extremist social movements could flourish. Where the methods of collective intelligence are cast out the window, the devils of fanaticism and bloodshed are easily let in.

As Mr. Jacques has pointed out, one of the avowed disciples of Bergson was the anarchistic Georges Sorel, whose *Reflections on Violence* gives us painful evidence of one of the directions in which a consistent application of Bergson's method of intuition must inevitably lead. If "science is bankrupt," then the grounds of social behavior must be sought in some other human faculty than that of intelligence. In Sorel we find a generalized translation of Bergson's main themes into startling social terms. "Violence" can be considered as the social equivalent of the biological "vital impetus" (note the harsh prophecy contained in Bergson's original comparison of the impetus to the force of an "explosive"); the theme of novelty in creation is paralleled by the notion that each social crisis or situation is unique, a point of view which destroys the value of

[4]But see Robert S. Jacques, *The Significance of Bergson for Recent Political Thought and Movements in France,* Royal Society of Canada, 1932.

all history and negates the possibility that intelligence can be applied to social problems; and the intuitional method becomes the familiar one of the propagandist, who impels men to deeds of violence by the use of "images" and slogans.

Countless others with liberal tendencies were influenced to similar reflections by Bergson's philosophy (some less directly, perhaps) and were led to condone the unmitigated evils of fascism as a result. If each society, like each individual, is a unique combination of creative forces, on what possible basis can one choose among fascist, socialist, and democratic forms of society? Discouraged by the complexities of the contemporary scene, and bewildered by the lack of clear-cut standards and signposts in Bergson's "eternal flux of becoming," men of good will were rendered increasingly susceptible to irrational appeals. Time, memory, and *élan vital* have the lamentable habit of melting into one confused blur of obscurantism—with social consequences that are all too evident in our war-stricken world.

Yet, to the discriminating student, Bergson's writings remain a constant source of refreshment and stimulating criticism. That psychologists and biologists find it difficult to ignore the problems which he posed so well is evident from the potency of the Gestalt and Organismic points of view today. Readers continue to find in his pages faithful reflections of their own inner experiences and of the wonder and inspiration which the modern picture of the "creative evolution" of life evokes in their imaginations.

Poetry and science are two distinct paths for a philosopher to take, and Bergson chose the way of poetry. If we neglect this fundamental distinction of method, and proceed to take Bergson's writings seriously as a critique of science, we are overlooking his main strength and are dwelling on the Achilles' heel of his thinking. And we do so at our own intellectual peril.

WE NOTE . . .

LEFT . . . RIGHT . . . LEFT?

The day after announcement of the sweeping victory of the British Labour Party, I was discussing our own political situation with a prominent Washington politico.

"Any practical politician who does not now read the handwriting on the wall," he said to me, referring to the English elections, "is neither practical nor a politician."

I am still convinced the man was right, though members of our national legislative body have thus far proved curiously unable to read.

The British elections mark a turning point in world history. Their results express, in concrete political terms, the people's aspirations in the century of the common man. They symbolize the sharp swing to the left which marks every nation in the world except our own. They prove in terms of a newly vigorous democracy that this war has not been fought in vain.

The Labour Party victory is significant on other scores as well. It offers us one more chance to attempt a revolution by consent: to modernize the social institutions in one country in the world by peaceful parliamentary means. Somewhat similar attempts failed, before the war, in Germany, in France, in Spain. The result of those failures was fascism and war and the disillusionment of peoples everywhere with democratic methods.

The British people are giving democracy another chance. Parliamentary institutions everywhere hang in the balance.

The problems confronting the new Labour Government are peculiarly trying and complex. It is not easy to alter the foundations of a rambling structure while continuing to occupy it. This is particularly true of a structure already in imminent danger of collapse, as the British economy undoubtedly was. In undertaking so delicate an operation, compromises are inevitable and the danger is either that they will become a habit of the Government, or that their necessity will not be understood by its supporters and friends. In the latter event, the Right Wing opposition will be swollen by the adherence of dissatisfied critics from the Left and the entire undertaking seriously jeopardized.

The foreign policy of the new Government provides a case directly in point. Mr. Bevin's statement of that policy in the House of Commons elicited quick cries of dismay from tender-minded liberals and doctrinaire radicals all over the world. It was, they said, a betrayal of all that Labour had symbolized. It was a statement indistinguishable in tone or incidence from those made by representatives of the ousted Tory Government. The Social Democrats were already betraying the workers who had returned them to office.

It must be admitted that there was basis for such alarums. Mr. Bevin's statements (and, for that matter, Prime Minister Atlee's later pronouncements on India) were enthusiastically embraced by Tories everywhere. They indicated, said a prominent American Senator, seldom noted for the liberalism

of his own beliefs, that the British were still playing the old party game and that nothing of much interest had happened lately.

Both the Senator and the outraged radicals missed the point. Despite the election of a Socialist Government, the British economy is still capitalistic and the British social system still dominated by entrenched privilege. The fact of an election, whatever its ultimate significance, does not immediately change the foundations of a society.

This is a point which I think worth underscoring, for if British Labour now fails it will be due in part, at least, to a lack of understanding on the part of its own supporters, both in England and abroad. It is no more reasonable to expect a basic change in British foreign policy *in advance* of fundamental alterations in the British social structure than it is to expect that a change in American Secretaries of State will alter our traditional policy. Foreign policy is always merely a restatement in external terms of the economic and social relationships prevailing within the nation.

It is of the utmost importance to liberals and radical democrats in America that the British experiment succeed. If it should fail, there is little likelihood that we, on this continent, can ever achieve a social democracy by peaceful, democratic means.

Already, strong reactionary elements, supported by the isolationist press, are at work to drive a wedge between our two governments. Their first victory was the peremptory ending of Lend-Lease. Their next objective is to isolate the Labour Government from financial assistance of any kind. If they succeed in this, it will be next to impossible to build a democratic socialism in Britain. And if that should prove impossible, the only alternatives will be dictatorships of the Right or of the Left. —J.D.K.

THE ANNUAL WAGE

"We set our program for annual wages in the steel industry not because we believed that employers would grant it, but because it was the one way to get public attention focused on the problem." Thus runs the statement of a labor organizer for the United Steel Workers.

During the heyday of wartime wage controls by the War Labor Board one of the justified reasons for making wage adjustments was to eliminate intra-plant and inter-plant inequities. The correction of such inequities enabled the Board to raise the wage rates of a considerable number of employees. In practice, however, the principle was rather narrowly applied and to justify wage adjustments on the basis of inequities the work of affected employees had to be closely related. Had the principle of ordering wage adjustments in order to eliminate inequities been broadly interpreted, it might have led to a revolution in American wage policy. One of the outstanding examples of an inequity which the War Labor Board did not touch is that between the status of the salaried managerial and administrative employees who usually are given annual employment and annual pay, and hourly-rated factory workers who are paid by the week and whose job security continues hardly more than from hour to hour.

So accustomed are we to the notion

of weekly wages and no job security to factory employees that it comes as somewhat of a surprise to learn from a recently published book, *Guaranteed Annual Wages*,[1] that "it is an historical fact that when manufacturing industries first developed in this country the majority of production employees were employed on an annual wage basis. . . . It is only since the Civil War that manufacturing industries have been so organized that executives and office staffs have regularity of employment while the mass of production workers are employed only from day to day." This book not only uncovers little known historical facts about the annual wage, but presents an enlightening account of its success in the United States in general and a more detailed account of its operation in three plants, the Proctor and Gamble Company, the Nunn Bush Shoe Company, and George A. Hormel and Company.

In terms of reduction of labor turnover, diminished unemployment compensation premiums, and a more efficient working force the plan of annual wages may prove attractive to many employers, but hardly enough to persuade them to reorganize their factory setup and to jeopardize both their future earnings and capital by guaranteeing yearly pay to their production employees.

Since the government will undoubtedly have to lend encouragement to bring about any general adoption of the annual wage in the United States, the economic effects of the annual wage become of significant importance. Incidental to the operation of any plan of annual wage is the attitude of trade unions. Although trade unions are now sparring in favor of the annual wage, its introduction in the three plants where it has had the greatest success was undertaken without benefit of their pressure or even their support. Indeed, the Hormel plant at one time had a strike on its hands because of a number of grievances among which was the annual wage. "Now we'd call one if they tried to take it away from us," said a Hormel employee and president of the local.

The annual wage has been in the past pretty much the hobby of paternalistic-minded employers, but its ultimate success calls for the co-operation of a well-organized and efficiently-led trade union. Jay C. Hormel, the president of the company, at any rate believes that union organization is essential to put the annual wage on a sound basis. "There is good reason to believe that the Hormel plan with its complicated work schedules and accounting problems would be inoperative without a strong union organization."

The effect of the annual wage on the economy of Austin, Minnesota, points to a partial solution to the problem of maintaining full employment. The need for compensatory expenditures by the government, according to recognized Keynesian principles, is due to the tendency of savings to outrun investments. But in Austin there has been a marked decline in the holding of idle funds in the form of savings since the inauguration of the annual wage. Citizens of Austin say that theirs is a spending town. In spite of an increase of 50 per cent in the population of Austin and an equal percentage increase in the average weekly earnings of Hormel employees, between 1932 and 1940 the time deposits of the two banks dropped

[1]Jack Chernick and George C. Hellickson, *Guaranteed Annual Wages*. University of Minnesota Press. $2.

from $2,415,943 to $2,070,000. "The trend was just the reverse in Austin's sister cities in Minnesota."

The annual wage has intrinsic merits which are pretty obvious and need no elaboration. Certainly, if we sought to eliminate inequities between production employees and salaried executive and administrative personnel, the extension of the annual wage to the former group would be in order. However, a matter of no little importance at a time when the federal government seems about to make itself responsible for the maintenance of full employment is to know how the annual wage will affect the operation of the economic system and specifically how it will contribute to the maintenance of full employment. There is clear evidence as noted above from the experience of Austin, Minnesota that the annual wage will cut down the accumulation of idle cash hoards and thus make it easier for the government to attain an economy of full employment through its own spending program. In the positive program of the government to contribute to the welfare of the working population the annual wage thus serves both as an end and as a means. —V.C.

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